

LEGISLATIVE ASSEMBLY DEBATES

SATURDAY, 25th AUGUST, 1934

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OFFICIAL REPORT



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LEGISLATIVE ASSEMBLY.

Saturday, 25th August, 1934.

The Assembly met in the Assembly Chamber at Eleven of the Clock, Mr. President (The Honourable Sir Shanmukham Chetty) in the Chair.

DEATH OF SIR GORDON FRASER.

The Honourable Sir Joseph Bhore (Leader of the House) : Sir, death has once again been busy and has taken from us an old Member of this Assembly, Sir Gordon Fraser. I had not the pleasure of knowing Sir Gordon Fraser personally, but he was a Member, I understand, of the first Assembly, and he took a prominent part in the debates of that Assembly putting forward ably and forcibly the business and financial aspects of question which came before the House from the point of view of the Chamber which he represented in the Assembly. Sir Gordon Fraser represented a very old and well-known business house in Madras. He was, as I think old Members of this Assembly know, suffering from a serious malady in recent years, but what stood out above everything else was his great devotion to duty despite the physical disability from which he was labouring. I am sure, this country and the business community generally in India have suffered a great loss by this demise, and I hope, Sir, that you will convey to his relatives the sense of loss which we feel in this Assembly.

Dr. Ziauddin Ahmad (United Provinces Southern Divisions : Muhammadan Rural) : Sir, on behalf of the Independent Party and myself, I associate with all that fell from the Honourable the Leader of the House. It is really our misfortune that the list of our old Members is getting thinner and thinner. I had not the pleasure of knowing the late Sir Gordon Fraser, but I had heard a good deal about his interest in public life and work in the old Assembly. His loss is really a great one to the business community in India and specially the European community, and I sympathise with the family of the deceased.

Mr. Gaya Prasad Singh (Muzaffarpur *cum* Champaran : Non-Muhammadan) : Sir, it is my melancholy duty to associate myself and my friends, who are sitting on this side of the House, with all that has fallen from the Honourable the Leader of the House. It has been rightly pointed out that death has been very busy recently in thinning the ranks of our old Members. I had the pleasure of the acquaintance of this gentleman, and, from all that I have seen and heard of him and his work in the old Assembly, his death is really very regrettable, as he was a very valued Member of this House, I join my friends in requesting you, Sir, to convey to the members of the family of the deceased the expression of our sincere regret and sorrow at his death.

Mr. N. N. Anklesaria (Bombay Northern Division : Non-Muhammadan Rural) : Sir, I associate the Centre Party and myself with all that has fallen from the previous speakers about the sad demise of Sir Gordon

[Mr. N. N. Anklesaria.]

Fraser, and I support the proposal to send our sincere sympathies and condolences to the bereaved family.

Sir Hari Singh Gour (Central Provinces Hindi Divisions : Non-Muhammadan) : Sir, I had the pleasure of knowing the late Sir Gordon Fraser when he was a Member of the second Assembly in 1924 and 1925 and represented the European business community of the Southern Presidency. As head of the well-known firm of Messrs. Best and Company, Sir Gordon Fraser was a notable commercial magnate of Madras, and when he came to this House, he brought to bear upon all financial and commercial questions his deep knowledge of trade and commerce whenever we had to deal with those questions. Sir Gordon Fraser was a quiet man. He was suffering from a malady against which he fought manfully during all the years that malady haunted him. Sir, it is a melancholy fact that the angel of death has been busy with so many notable Members of this House, and I wish to associate myself and my Party in the vote of condolence that has been proposed by the Honourable the Leader of the House.

Sir Leslie Hudson (Bombay : European) : Sir, I associate myself and my Party with the request of the Honourable the Leader of the House that you should send the sympathies and condolence of this House to the relatives of the late Sir Gordon Fraser. I have known the late Sir Gordon Fraser for a good many years. He was, as has already been said, one of the leaders of commercial activities in Madras. He was President of the Madras Chamber of Commerce, and in every sphere of social and commercial activity he was one of the most prominent personalities and he was respected by Europeans and Indians throughout Southern India. He was looked up to for advice and counsel by all those who knew him personally, not only in Southern India, but also elsewhere. It was a sincere source of pleasure to me to meet him whenever he passed through Bombay, and his unfortunate demise is a great loss to the European community.

Mr. President (The Honourable Sir Shanmukham Chetty) : I associate the Chair with the tribute that has been paid to the memory of the late Sir Gordon Fraser. I had the privilege of knowing the late Sir Gordon Fraser for the last 15 years. He was a very highly respected business magnate of Madras, and he was greatly popular both in the European and Indian commercial community of Madras. Honourable Members who were in the Second Legislative Assembly might remember the quiet and dignified manner in which Sir Gordon Fraser intervened in debates and discharged his duties as a Member of this Assembly. His death removes one who was a connecting link between the Indian and European business community of India, and it will be my duty to convey to the family of the late Sir Gordon Fraser the sympathy of this House.

THE INDIAN NAVY (DISCIPLINE) BILL.

PRESENTATION OF THE REPORT OF THE SELECT COMMITTEE.

Lieut.-Colonel A. F. R. Lumby (Army Secretary) : Sir, I beg to present the Report of the Select Committee on the Bill to provide for the application of the Naval Discipline Act to the Indian Navy.

THE AMENDING BILL.

Lieut.-Colonel A. F. R. Lumby (Army Secretary) : Sir, I beg to move for leave to introduce a Bill to amend certain enactments.

Mr. President (The Honourable Sir Shanmukham Chetty) : The question is :

" That leave be granted to introduce a Bill to amend certain enactments."

The motion was adopted.

Lieut.-Colonel A. F. R. Lumby : Sir, I introduce the Bill :

THE INDIAN IRON AND STEEL DUTIES BILL.

Mr. President (The Honourable Sir Shanmukham Chetty) : The House will now resume consideration of the Indian Iron and Steel Duties Bill.

The question is :

" That the Schedule stand part of the Bill."

Mr. Shafee Daoodi has got an amendment in Supplementary List No. 1. Is he going to move it ?

Maulvi Muhammad Shafee Daoodi (Tirhut Division : Muhammadan) : Yes, Sir.

Sir, I beg to move :

" That in the Schedule to the Bill, in the proposed Amendment No. 9, in the third column of Item No. 148 (a) (s) (i), all the words and figures occurring after the words 'British India' be omitted."

According to my amendment the third column of Item No. 148 (a) (2) (i) will read as follows :

" $1\frac{1}{2}$ times the excise duty leviable for the time being on steel ingots produced in British India ",

and a full stop after that, and no more. The object of this amendment might have been clear to the Honourable Members of this House. It is nothing more than that there should be no duty whatever on galvanised sheets. We had enough of discussion on this point that these sheets are mostly used by the agriculturists in the villages to shelter themselves against cold and rain. These people, as everybody knows, have been hard hit on account of depression, more especially in Bengal and Assam and Bihar, in Bengal and Assam because of their jute crop going down and in Bihar because all the houses have gone down and the people have got to make their houses mostly with galvanised sheets. The ordinary man cannot do without it. At the present moment, it is rather more necessary that we should have no duty whatever on galvanised sheets. I am supported in my view by the recent report of the Tariff Board. They say at page 62, paragraph 107 :

" We have based our proposals on the system of differential duties embodied in the Steel Industry (Protection) Act. We have received no complaint in this enquiry that this system has resulted in any hardship either to the steel industry or to users of steel or that its working has presented any difficulties. We see therefore no reason to consider any change in the present system. The duties under our scheme of protection are based generally on the current market prices of British and Continental steel. In the case of galvanised sheets, however, we have estimated the duties on a different basis. Since November, 1932, the price of galvanized sheets

[Maulvi Muhammad Shafee Daoodi.]

has been fixed at an artificial level under the Ottawa Agreement. No direct information is therefore available regarding the level of market prices under ordinary competitive conditions and our estimate of market prices has in consequence to be based on somewhat arbitrary considerations."

This is my main point that these arbitrary considerations should not now weigh with this House. Circumstances have changed. Then, they go on to say :

" Two alternative methods have been open to us, first, to take the average price in the earlier half of 1932 and adjust it for the variation in the price of spelter since that period, and secondly, to proceed on the basis of calculation adopted by the Ottawa delegation, namely, to take the United Kingdom price at the lowest figure which the delegation considered would give a reasonable return to the British manufacturer and to take the Continental price at the lowest figure actually reached in recent importations. Under ordinary conditions we should be inclined to adopt the first method in estimating the measure of protection. The United Kingdom prices in that case would be almost the same as Continental prices and there would be no scope for differential duties."

This is the sentence on which I rely very greatly :

" We have however decided to adopt the other method which is calculated to give the British manufacturer a definite advantage consistently with the interests of the Indian industry. Our object in doing so is to maintain as far as is now possible the principle of reciprocity underlying the Ottawa Agreement relating to galvanised sheets."

Here is the Report of the Imperial Economic Conference, Ottawa, 1932. At page 49, at the end, there is a clause No. 4, within brackets. It speaks about the iron and steel industry and it says :

" These arrangements (*arrangements under the Ottawa Agreement so far as the iron and steel industry is concerned*) to remain in force until action is taken by the Government of India following the next statutory Tariff enquiry in India into the iron and steel industry."

This statutory Tariff enquiry has been made and its report is in our hands, and, therefore, there is no use having that Agreement in view in imposing a duty on galvanised sheets. I have not found anything in the speech of the Honourable the Commerce Member, who has sponsored this Bill, as to why the Tariff Board's report should not be on the lines I have just submitted, that is, because the statutory Tariff Board report is in our hands we should not now take into consideration the Agreement made some time before according to the terms of this report, and we should leave the galvanised sheets manufactured either in the United Kingdom or outside the United Kingdom at the same level and we should not put any import duty on either of them. Leave the galvanised sheets to come to India freely and let the Tatas compete with the foreign galvanised sheets without any protection whatsoever. Sir, we have been hearing from the Honourable the Commerce Member and other Members on the Treasury Benches that the whole scheme is intended to give the consumers the very best advantage that is possible to give them. Here I am putting forth the case of agriculturists who are hard pressed at the moment and who require these necessaries of life at the very lowest possible prices, and if the Treasury Benches will take into consideration the needs and necessities of the time, they would not put any duty on any galvanised sheet. Let the manufacturers of galvanised sheets either in the United Kingdom or on the Continent or in India compete among themselves and see which of them can give the commodity to the people at the lowest possible figure. Therefore, I move this amendment.

Mr. President (The Honourable Sir Shanmukham Chetty) : Amendment moved :

" That in the Schedule to the Bill, in the proposed Amendment No. 9, in the third column of Item No. 148, (a) (2) (i), all the words and figures occurring after the words 'British India', be omitted."

Mr. T. N. Ramakrishna Reddi (Madras ceded Districts and Chittoor : Non-Muhammadan Rural) : I oppose this amendment, Sir, my Honourable friend has relied upon one passage in the Tariff Board's report on page 62, which he has just read out :

" Under ordinary conditions we should be inclined to adopt the first method in estimating the measure of protection. The United Kingdom prices in that case would be almost the same as Continental prices and there would be no scope for differential duties."

This was the first course which the Tariff Board wanted to adopt. The first is to take into consideration the landed prices in the first half of the year 1932. In that case, they said that the prices of British galvanised sheets would be the same as the price of continental galvanised sheets. Sir, the Tariff Board has found that the prices of continental galvanised sheets imported without duty is about Rs. 130 per ton, and they have calculated the fair selling price of the galvanised sheets produced in India at Rs. 160, and they have added Rs. ten for the freight and other charges to the port and thus they have arrived at Rs. 40 as the proper import duty to be levied on continental goods. If, according to the calculation of the Tariff Board which my Honourable friend approved, the price of British goods is the same as the price of continental goods, then automatically we have to impose Rs. 40 as protective duty as against British goods also. So, the passage which my friend has just quoted is very unhappy to strengthen his contention. He further goes to the extent of suggesting to remove the revenue duties also proposed on these galvanised sheets. The second passage which he seeks to delete is "ten per cent. *ad valorem* whichever is higher". He wants to remove that duty also and this goes beyond what the Tariff Board has estimated as the fair measure of protection to Indian industry, and, if this duty is removed, it will greatly handicap the production of galvanised sheets by the Tata industries who want to open another unit also to produce galvanised sheets necessary for the consumption of the whole of India. For these reasons, I oppose the amendment.

Dr. Ziauddin Ahmad (United Provinces Southern Divisions : Muhammadan Rural) : I rise to support the amendment which I am doing in the name of poorer people of Bengal, Burma and the earthquake stricken areas of Bihar and I am speaking in the name of those who are not speaking for themselves. I request and I appeal that at least in this particular article we ought to consider the interests of the consumer and not altogether the interests of the manufacturer. Sir, this is a question on which we have been having a discussion for the last ten years, and in all these actions and reports, we had only one thing in mind and that is the interest of the manufacturer, but since this is an article which is used by the poorer class and it is not used by the richer people, I do appeal that they should remember the interests of the poorer people in this case as well without at the same time giving any loss to the manufacturers. The principle I would lay down is that we should give a reasonable profit and not very high profits. I draw attention to the graph given in the report : the consumption of this particular article moved identically with the price level of jute.

[Dr. Ziauddin Ahmad.]

The more money people get from their jute the greater will be the demand for these corrugated iron sheets to build the houses and if the price of jute falls down the people really could not afford to get these corrugated iron sheets and they will have to live in great discomfort. It is an article which is almost as important as food and on it depends the health of the residents of Eastern Bengal. We know that there is a good deal of malaria. They do not get enough food, and if they do not get enough shelter, they will be in great danger, and, I think, in their interest, it is desirable that we should not charge any exorbitant price for this particular article.

I draw the attention of the House to graph 3 on page 174 of the report, and there we find that for the first two years the consumption of these sheets rise in sympathy with the prices of jute. When the price of jute began to fall, then the consumption of this article began to remain steady and it rose to the figure of 338 thousand and when the prices continued to increase, there was a sudden drop in the consumption. So the drop in the consumption is due to two facts, first the abnormal increase in the price of corrugated iron sheets and the abnormal fall in the prices of agricultural products, particularly cereals and jute. Therefore, looking at this from this point of view, we should see how it can be checked. Now, if we reduce the price, the consumption would increase. The consumption has now fallen to about 115 thousand tons per annum, which is really an enormous fall compared with the maximum of 338 thousand tons every year. Now, I will just give from these figures the cost of production of these sheets, which is Rs. 109 per ton. Then, if we add to it all the overhead charges *plus* depreciation and only allow them ten per cent. profit and not the profit of about eight per cent. on capital, then the fair selling price at Tatanagar would come to Rs. 144 per ton. To this may be added the excise duty of four per cent. Then the price at Tatanagar will be approximately Rs. 148, that is to say Rs. 150. Therefore, they could sell it at Rs. 150 at Tatanagar and get the profit of ten per cent. on the works cost and this is the price at which they can get. Now, again the price at which the British article is imported in Bombay is Rs. 160, without duty. So that we can sell these corrugated iron sheets at Rs. 160, and Tatas will have a decided protection of Rs. 10 per ton, over and above this ten per cent. profit because they will sell it at the price at which the things are landed in Bombay without paying duty. So if we accept the amendment of my friend, Mr. Shafee Daoodi, and sell the articles at Rs. 160 per ton, then the Tatas will get a ten per cent. profit on the work cost *plus* Rs. ten per ton on account of the difference between Rs. 150 and Rs. 160. Therefore, if we remove the duty on British goods, I think it is exceedingly reasonable and nobody would suffer. The loss of the Government would be only say Rs. ten on the imported British goods, which will not be an enormous sum but, corresponding to that, the compensating advantages to the poorer people of India will be enormously great and quite out of proportion to the small advantage which will be gained by Government from this small duty; and remembering, that by putting this small duty of Rs. ten per ton we are raising the price of all the corrugated iron sheets manufactured in this country as well, and looking at the matter from all points of view, I urge that in this

case at least we ought to fix Rs. 160 as the reasonable price of galvanized iron sheets ; and by so doing, we can safely omit the duty altogether and reduce the price from Rs. 178 or Rs. 180 or Rs. 215 to the reasonable figure of Rs. 160. There is one thing more which I would like to point out. If we reduce the sale price to Rs. 160, then the demand will go up. At the present moment the demand is 115,000 tons. The lower the price, the higher will the demand go up and we know that the profit, though smaller, will be repeated several times and the total margin of profit will certainly be greater ; and, therefore, in this case there will be no loss to the manufacturers, and there is a very slight loss to the Government revenues, but provided that the profit to the poorer people, particularly of these three Provinces which I have just mentioned, will be enormous, I beg to appeal again, in the interests of the poorer people of this country, that the cost of this particular article should be reduced without seriously injuring the manufacturer. Sir, I beg to support the motion.

Mr. M. Maswood Ahmad (Patna and Chota Nagpur cum Orissa : Muhammadan) : Sir, I want to support this motion moved by my Honourable friend, the Maulana of Daudnagar. (Hear, hear.) The matter is of vital importance particularly to the poorer people of Bihar, who, as my Honourable friends know so well, have suffered so tremendously from the effects of the devastating earthquake, and, in this connection, we must also take due note of the fact that that area has been declared to be liable to earthquakes in the near future also, for which reason the people there are building their houses with these corrugated galvanized sheets. Apart from this, now-a-days the agriculturists are making so many articles of these galvanized iron sheets that it has become a necessity for them. They make "Karengs" and other apparatus for lifting water and they use it for other necessities as well. Some of this requires always to be dipped into water from the wells, and for all these reasons they require a large quantity of galvanized sheets ; and, I think, Government must consider this question very seriously, in the interests of the agriculturists, and, more especially, in the interests of the people of the area so badly affected by the earthquake and to whom they themselves have so very generously extended their sympathy. Sir, if, on the other hand, they will reject this amendment, the result will be that the price of galvanized sheets will go up by rupees ten a ton. For all these reasons, I support the amendment moved by my Honourable friend.

The Honourable Sir Joseph Bhore (Member for Commerce and Railways) : Sir, I am afraid my Honourable friend, the Mover, has paid little or no attention to the previous debates on this question. This question of galvanized sheets has been most carefully and exhaustively dealt with by my Honourable friend, the Finance Member, and also by myself, and in quoting the Tariff Board's remarks on this particular point, I am afraid my friend has entirely ignored the explanation which we gave and the facts that we adduced in support of our contention that those remarks should not be taken as conclusive in coming to a conclusion. (Maulvi Muhammad Shafee Daoodi : "Where ?") My Honourable friend will, if he will only refer to the debates of the past few days, realize that what I have said is the fact. I must remind my Honourable friend that after all this is a protective

[Sir Joseph Bhore.]

measure, and the effect of his proposal will be entirely to remove the protection on galvanized sheets. I cannot for one moment, Sir, accept the alternative fair selling price worked out by my Honourable friend, Dr. Ziauddin Ahmad, in preference to the fair selling price found by the Tariff Board : and, if we adhere to the fair selling price found by the Tariff Board, *viz.*, Rs. 170 a ton, we have no option but to accept the rates of duty which are embodied in this Bill. I fully sympathize with my Honourable friend, Maulvi Shafee Daoodi, in his desire to see us do all we can for the agriculturist, and, I am sure that the effect of his speech has been to bring to the notice of my Honourable friend, Mr. Reddi, a fact of which he seemed to be ignorant, that galvanized sheets are very largely used by the agricultural population in certain parts of India. But with reference to what my Honourable friend opposite said in regard to Bihar, I would point out that while we all sympathize greatly with Bihar and the agriculturist of Bihar, the proper method of helping him is not by reducing this duty ; there is another and more effective way of coming to his assistance without entirely destroying the whole scheme of protection embodied in this Bill. I would like to bring to the notice of my Honourable friend, Maulvi Shafee Daoodi, that what we are doing is we are reducing the duty on galvanized sheets by something like Rs. 43 a ton. As I pointed out in my speech the other day, this would have the effect, assuming the consumption to be the same as it was last year, of reducing the burden upon the consumer to the extent of something like Rs. 48 lakhs a year. Sir, I oppose the motion.

Mr. President (The Honourable Sir Shanmukham Chetty) : The question is :

" That in the Schedule to the Bill, in the proposed Amendment No. 9, in the third column of Item No. 148 (a) (2) (i), all the words and figures occurring after the words 'British India' be omitted."

The motion was negatived.

Maulvi Muhammad Shafee Daoodi : Sir, I beg to move :

" That in the Schedule to the Bill, in the proposed Amendment No. 9, in the third column of Item No. 148 (a) (2) (ii), all the words and figures occurring after the words 'British India' be omitted."

Sir, I feel very strongly that this is a case in which the Honourable the Commerce Member is not paying due attention to the needs of the situation, and what he has said just now does not convince me at all as to the necessity of imposing a protective duty on this commodity as well. He says that he has justified it on previous occasions. I am very sorry I have not been able to find out anywhere how he has justified the imposition of a protective duty on galvanized sheets. What he says about the Tariff Board's fixing a fair selling price is certainly to be understood in the sense in which my friend, Dr. Ziauddin Ahmad, has just now pointed it out. They have in their report, which I have just now read, definitely said that, had there been no Ottawa Agreement on this question, they would have dealt with this commodity in a different way. Now on that question I do not find that the Honourable the Leader of the House, who is in charge of the Bill, has given any explanation whatsoever. I know that I am not an expert in dealing with the figures of which there are a great mass here, and the Honourable the

Commerce Member might take advantage of it and he might not try to convince us as to what justification he has in regard to this point ; further, because we have not got in this House Members representing the great mass of consumers in this country, therefore he may also think that he need not bother about what I have been saying on behalf of the poor consumer. I realize that I am in a hopeless minority in this House, and, therefore, all my submissions may be thrown to the winds. But that is a different matter. I do feel very strongly that on this question the Honourable the Commerce Member should have shown great consideration to the interests of the great mass of the people who are at present under the necessary of greater protection than the Tatas who will neither starve nor die if no protection is given to them.

Mr. President (The Honourable Sir Shanmukham Chetty) : Amendment moved :

" That in the Schedule to the Bill, in the proposed Amendment No. 9, in the third column of Item No. 148 (a) (2) (ii), all the words and figures occurring after the words 'British India' be omitted."

Mr. M. Maswood Ahmad : Sir, I rise to oppose this amendment. (Laughter.) My reasons for doing so are very simple. The degree to which the previous amendment was reasonable, I think, to the same degree this amendment is unreasonable and absurd. I am one of those who think that we should use our own goods, manufactured by our men in our motherland made of our raw materials. Further, I am a believer in free trade without giving preference to some countries. Our country should be able to carry on its trade without giving preference to any country. My Honourable colleague has suggested that the words after the words "British India" be omitted. May I ask, has he realised the result ? Has he understood the amendment ? Has he imagined its consequence ? The result will be that the words "plus Rs. 40 per ton" will be omitted if this amendment is accepted, and the result of this amendment will be that preference will be given to those foreign articles which are not of British manufacture, because for all articles of British manufacture, there will be $1\frac{1}{2}$ times excise duty plus Rs. ten per ton extra, and, for those articles which are not of British manufacture, there will be only $1\frac{1}{2}$ times excise duty which is leviable for the time being on steel imports in British India. I want to know from my Honourable friend, Maulvi Shafee Daoodi, what is the reward he is taking for India from those countries to whom he wants to give preference ? What is the reason to prefer continental goods and to kill Indian industry ? I am not in favour of giving preference to Great Britain, and I cannot prefer continental goods as well. We have given preference to the United Kingdom, because they have also, under the Ottawa Agreement and other agreements, agreed to give certain preferences to us. Sir, I am not for giving preference to those countries which are not within the United Kingdom and which have not given any preference to India. When these countries have not given us any preference, why should we give them any preference ? So, I think, this is not a reasonable amendment, and the whole House will agree with me on this point and will unanimously oppose it.

Further, Sir, I want to know one point from my Honourable friend, the Commerce Member, who has just spoken and who said that that was not the way to help the Province of Bihar, but that there

[Mr. M. Maswood Ahmad.]

were other ways for helping that part of the country. I want to know what does he mean by that and how does he want to help my Province ?

The Honourable Sir Joseph Bhore : If my Honourable friend will contribute to His Excellency the Viceroy's Earthquake Fund !

Mr. M. Maswood Ahmad : All the receipts of the Government are contributions from us, I think the Viceroy's Fund or the Congress Fund are insufficient help for that part of the country, and I appeal to Government in this connection that they should make use of the power which they have to reduce the duty by their executive order. Sir, Government must consider their position again and they must find out some other means to help the agriculturists and the earthquake sufferers. If they decide this question, i.e., to reduce the duty on iron sheets, galvanised and ungalvanised, by executive order, they will at least be able to give some relief to the agriculturist. Sir, I oppose the amendment moved by Maulvi Muhammad Shafee Daoodi, which is bad in principle and injurious in merits.

Mr. S. C. Mitra (Chittagong and Rajshahi Divisions : Non-Muhammadan Rural) : Sir, Mr. Maswood Ahmad has certainly made a point by showing some inaccuracies in the wordings of this amendment of Maulvi Muhammad Shafee Daoodi. It is certainly logically correct that if we accept *in toto* the Maulana's amendment, then the continental producers will get a greater advantage and will dump their goods, and thus, they will not only compete against the British manufacturers but will kill the Indian industry as well. But the main point that he wanted to make in this House and in connection with which he made a special appeal to the Honourable the Commerce Member was to explain that the figures that were adopted by the Tariff Board and the figures that we are asked to accept as sacrosanct without any question, were the figures that were obtained 18 months before, at the time of the Ottawa Agreement or perhaps even earlier. What the Maulana wants to be assured of is that these figures were not arrived at recently and therefore they are practically of no use to us now. My friend, Mr. Reddi, the other day quoted extensively and he was quoting from some publication of the Tatas to show that the figures that were accepted by the Tariff Board were not to be relied on for our present purposes. Sir, the Maulana, quoting from the Report of the Tariff Board, showed that at present there is not the same difference nor the same cost of production in the manufacture of galvanised sheets in the continent or in the British Isles. The main argument on this side of the House is that we want the consumers to get the best advantage out of it. We certainly realise that that the Tatas must be protected. Our purpose is that the protection of Tatas will ultimately mean cheaper goods for the consumers. So, on principle, we are not against giving protection to the Tatas ; but this part of the House wants to be satisfied by relevant figures to be given by the Honourable the Commerce Member that we are not giving a rupee more in protection than is absolutely necessary for the protection of the Tatas. We should in no case rely on the old and antiquated figures which, even according to the Government are at least 18 months old. Sir, it has been said that the corrugated iron sheets are used by the middle classes. That is not at all correct.. In my part of the country even the poorest people have to use these corrugated iron sheets for

housing purposes. Sir, it is a well-known fact that the poor people have their huts covered with straw thatches, but during the summer, due to fire, the whole village might be burned down. Therefore, for the last 15 or 20 years, the villagers are trying to get the roofs of their houses made of corrugated iron sheets. So, it has become almost a necessity of life. I also appeal to the Honourable the Finance Member to see that it is also in the interests of the British manufacturers that the ordinary villager in India should be able to make use of these corrugated iron sheets. It is no use putting a high price which will be beyond the reach of the poorer people. So, if Government can see their way to reduce the price by accepting any lowering of this duty, then, following the principles of increasing returns, there will be greater consumption, and not only the Tatas will have their full quota, but the British manufacturers also will be able to do better business. It is no use calculating on figures that there will be so much of consumption and the Tatas having satisfied their 48,000 tons for the first year or even 90,000 tons for the second year, there will be so much left for Great Britain. Now, Sir, it is admitted that the consumers are in the worst economic condition and they cannot afford to buy these things unless they are cheap. So, in the ultimate interests, not only of the Tatas, but also of British manufacturers or, for the matter of that any foreign manufacturers, it should be the view-point of all to make these corrugated iron sheets as cheap as possible. Though there is some real difficulty in the acceptance of this amendment, I hope, the Honourable the Commerce Member will satisfy this part of the House that the cost of production accepted by Dr. Meek, on which these calculations are made, is correct, and that there is no necessity for revising those figures in the face of the Tatas statement contained in their publication and that all attempts have been made to make the corrugated iron sheets at the lowest possible price available.

The Honourable Sir Joseph Bhore : Sir, I have very little to add, to what I have already said. My Honourable friends opposite are labouring under a great mistake if they think that the fair selling price which has been arrived at by the Tariff Board has been fixed on any but the normal considerations and that the Board was influenced by any extraneous factors in arriving at a fair selling price. The price of Rs. 170 per ton arrived at by the Tariff Board is a definite fair selling price reached by the process of calculation which they adopt in calculating the fair selling price of every other item. The portions of the report quoted by my Honourable friends are totally irrelevant so far as the fair selling price is concerned. I will only add that as I have said before the power which we have asked to be invested with under clause 2 of the Bill will give us the right, not merely to raise, but also to lower the duties if circumstances should arise which make the existing duties insufficient or too high. As regards the purely technical point, that has been sufficiently dealt with by my Honourable friend, Mr. Maswood Ahmad, and it is unnecessary for me to labour that matter. Sir, I oppose the amendment.

Mr. President (The Honourable Sir Shanmukham Chetty) : The question is :

"That in the Schedule to the Bill, in the proposed Amendment No. 9, in the third column of Item No. 148 (a) (e) (ii), all the words and figures occurring after the words 'British India' be omitted."

The motion was negatived.

Dr. Ziauddin Ahmad : Sir, I beg to move :

"That in the Schedule to the Bill, in the proposed Amendment No. 9, in the third column of Item No. 148 (a) (2) (ii), for the figures '40' the figures '26' be substituted."

Sir, I may first of all point out that in this as well as in the other amendments of the same natural I have not put down the figures simply by drawing a lottery. My Honourable friend, the Commerce Member, had a very ingenious arithmetical explanation when I said that 32 should be changed into 23. He said that the digits are reversed, but he forgot to add another arithmetical humour which, I think, was rather necessary that I hated composite numbers and I was very fond of prime numbers because 32 is a composite number and 23 is a prime number. But unfortunately, there is no arithmetical jugglery. There is neither arithmetical humour in it nor have these figures been drawn by lot. I have calculated these figures on certain principles. The principle is that the Tariff Board in addition to giving them a fair selling price at Tatanagar have added additional protection which they call fair selling price at port. On page 154, the Tariff Board report says :

"To this price,"

—meaning the fair selling price at Tatanagar—

"we add allowances for freight disadvantage, selling expenses and the lag between import and realised prices and thus arrive at a fair selling price which is comparable with the landed prices of imported goods."

On page 54, we find two selling prices ; one at Tatanagar and the other at the port. I object to this manipulation that is the fair selling price at the port, and, in support of my argument, I would quote the Fiscal Commission report. It says on page 58 :

"It would not in our opinion be right to endeavour to secure an industry such protection as will enable it to compete in every possible market in India. If this involves giving protection, appreciably higher is required for the success of the industry in the greater part of the country."

These are the recommendations of the Fiscal Commission, and here, I say, that it is not necessary that we should calculate the fair selling price at the port. Supposing a person orders any goods from Nagpur. Certainly the articles will not first be taken to the port either at Calcutta or Bombay and then brought back to Nagpur. Therefore, wherever a selling station is located, whether at Tatanagar, or at Bombay, or at Calcutta or anywhere, then for certain stations they will be in a position of advantage and certain other stations will be in a position of disadvantage. Therefore, the addition of another margin of profit in the name of freight disadvantage, in order that all the articles from Tatanagar may first be taken to a port and then the fair selling price to be calculated, is neither fair nor it is according to the recommendations of the Tariff Board report. We should fix the fair selling price at Tatanagar and compare it with the landed price at any port, whether Bombay or Calcutta or whatever it is. Therefore, according to the fair selling price now calculated, we have first to take all the articles from Tatanagar to a certain port and then make it the distributing centre from the port, and, I submit, this is against the recommendations of the Fiscal Commission report. You must calculate the fair selling price at Tatanagar and remove the margin of profit for the supposed disadvantage is not distributing them from the port.

Sir Cowasji Jehangir (Bombay City : Non-Muhammadan Urban) : Does my Honourable friend seriously believe that the Tariff Board have calculated the fair selling price by calculating it from Tatanagar to a port in each case and then from the port to other parts of India ?

Dr. Ziauddin Ahmad : They have calculated first the transfer of articles from Tatanagar to a port and thus the freight from the port to the place of destination will fall upon the consumer.

Sir Cowasji Jehangir : But does he seriously believe it ?

Dr. Ziauddin Ahmad : It is not a question of belief, it is a question of fact. This is the recommendation in the Tariff Board report which I seriously object to. I find on page 154 the passage which I quoted above. On page 51, in table XXI, the Tariff Board report gives one fair selling price *f. o. r.* Tatanagar and another fair selling price *f. o. r.* port, the fair selling price for rails for Tatanagar is Rs. 95 per ton and for a port it is Rs. 103. For the purpose of calculation they have not taken the fair selling price at Tatanagar but they have taken the fair selling price at the port. Not only this but they have said very clearly in their recommendation as follows :

" In Chapter V we deal with the amount of protection required. Having added to the costs of production the overhead and capital charges we determine the fair selling price *f. o. r.* Tatanagar. To this price we add allowances for freight disadvantage selling expenses and the lag between import and realised prices and thus arrive at a fair selling price which is comparable with the landed prices of imported goods."

I do not mean to say that they have added the full freight from the port. I say, if you take the whole of India and you place your distributing centre anywhere in India, whether Allahabad or Tatanagar or Bombay or Calcutta, you will find that it may be cheaper to get the requirements from one place than from another place because of its proximity to the distributing centre. I, therefore, submit that it is unreasonable to calculate the cost of transfer of goods from Tatanagar to a port and then from the port to the distributing centre. They have made two other allowances, they have made calculation for sale commission or sale allowance but this is common to all articles imported from outside. The second is what they call the lag between import and realised prices. This is also common to all. Therefore, this additional allowance which they have made for these freight charges and for the sale price is, to my mind, not justified, and whenever I have calculated these figures, I have simply removed these additional charges which they have already made on these imported articles. That is all that I have done in this case ; and the other allowance I have made is that I have equalised the excise duty and the import duty, which is a point on which I fought in the case of kerosene and it is a point on which I fight at this stage also. Therefore, making allowances to these two principles, I have calculated these figures which I have given here. These figures I have given here are not drawn by lottery but they are based on these calculations. With these words, Sir, I move.

Mr. President (The Honourable Sir Shanmukham Chetty) : Amendment moved :

" That in the Schedule to the Bill, in the proposed Amendment No. 9, in the third column of Item No. 148 (a) (3) (ii), for the figures '40' the figures '26' be substituted."

The Honourable Sir Joseph Bhore : Sir, I find that my Honourable friend has discarded the system of drawing lots and has now adopted a more scientific method of arriving at the figures which he wishes to substitute for those embodied in the Bill. I admit at once that my Honourable friend's point of view is a possible point of view, but I would point out to him that this method of making allowances is no novel method introduced for the first time in this Tariff Board report. This question of freight disadvantage or advantage has been dealt with by previous Tariff Boards on exactly similar lines. And, what I would point out is that the method of the Tariff Board is to average out both advantages and disadvantages and arrive at a figure which can be conveniently added to the price to get the fair selling price. In these circumstances, Sir, I am sure that nobody in this House will complain of our giving an unnecessary advantage to Tatas. Sir, I oppose the amendment.

Mr. President (The Honourable Sir Shanmukham Chetty) : The question is :

"That in the Schedule to the Bill, in the proposed Amendment No. 9, in the third column of Item No. 148 (a) (2) (ii), for the figures '40' the figures '26' be substituted."

The motion was negatived.

Dr. Ziauddin Ahmad : Sir, I beg to move :

"That in the Schedule to the Bill, in the proposed Amendment No. 13, in the third column of Item No. 150 (b) (ii), for the figures '39' the figures '24' be substituted."

I will move it with the arguments I have just delivered and my speech may be supposed to be repeated.

Mr. President (The Honourable Sir Shanmukham Chetty) : Amendment moved :

"That in the Schedule to the Bill, in the proposed Amendment No. 13, in the third column of Item No. 150 (b) (ii), for the figures '39' the figures '24' be substituted."

The Honourable Sir Joseph Bhore : Sir, I may be supposed to repeat the same arguments as I have already advanced.

Mr. President (The Honourable Sir Shanmukham Chetty) : The question is :

"That in the Schedule to the Bill, in the proposed Amendment No. 13, in the third column of Item No. 150 (b) (ii), for the figures '39' the figures '24' be substituted."

The motion was negatived.

Dr. Ziauddin Ahmad : Sir, the next amendment is :

"That in the Schedule to the Bill, in the proposed Amendment No. 17, in the second column of Item No. 235, the words 'Iron, pig' be omitted."

The Honourable Sir Joseph Bhore : Sir, I have to take an objection to this amendment. I would point out that if the words "Iron, pig" are omitted, the effect will be to bring pig iron under the class of "manufactures not otherwise specified", in which case the duty will be at once raised to 20 and 30 per cent. The effect of my Honourable friend's amendment, therefore, would be to increase the duty.

Dr. Ziauddin Ahmad : I thought that if we carry this and say that no duty will be charged the effect would be that it would be included as a consequential amendment in Part I of the Schedule of the Tariff Act, under which no duty is charged.

Mr. A. J. Raisman (Government of India : Nominated Official) : Sir, the position is that all iron and steel is either liable to duties at protective rates under Part VII of the tariff or at revenue rates under the preferential items in Part VIII of the tariff. Any iron and steel or manufacture of iron and steel, which has not been specifically mentioned, falls automatically under No. 195 of the Statutory Schedule which is "all sorts of iron and steel and manufactures thereof not otherwise specified"; and the effect of Dr. Ziauddin's amendment by excluding it from Item No. 235 would be automatically to put it under this general 'limbo' item of iron and steel on which the rates of duty are 30 per cent. standard and 20 per cent. preferential.

Dr. Ziauddin Ahmad : My intention was to remove the duty on pig iron, and if the motion is carried, then as a consequential amendment this particular Item will be included in Part I, Schedule II, whereunder no duty is chargeable and it will not be subject to the high duty as is urged on the other side.

Mr. President (The Honourable Sir Shanmukham Chetty) : The Chair quite admits that the Honourable Member's intention was to take away the duty on pig iron altogether, but unfortunately the Chair can only construe the amendment as it is put down in the paper. It is rather difficult to find out the exact intention that lies behind it. As pointed out by Mr. Raisman, in Schedule II, Part VIII of the Indian Tariff Act, there is item No. 195, which runs as follows : "All sorts of iron and steel and manufactures thereof not otherwise specified....30 per cent. standard rate and 20 per cent. preferential rate". Therefore, if pig iron is removed from the protective duty, it will automatically fall under item 195. The result would be to increase the existing duty.

Dr. Ziauddin Ahmad : But if it is included in Schedule II, Part I?

Mr. President (The Honourable Sir Shanmukham Chetty) : But it is not included. The Chair can take the amendment as it is in the order paper and find out what the consequence of that would be. The amendment is out of order.

Dr. Ziauddin Ahmad : Sir, I move :

"That in the Schedule to the Bill, in the proposed Amendment No. 20, in the fourth column of Item No. 237, the words and figures 'or 20 per cent. *ad valorem*, whichever is higher' be omitted."

The object of my amendment is that we should not put unnecessary burden on the consumers by putting this duty on the British goods. As I mentioned before, Tatas can, on the figures given in the report, compete on equal terms with the British goods but not with non-British goods; therefore, protection is needed in the case of non-British goods and not on British goods. We have had ten years of protection, and, during these ten years, Tatas have reached a stage when it can stand on its own legs, as far as British goods are concerned; but, as far as continental goods are concerned, it is not yet in a position to stand on its own legs and that is the reason that we have allowed additional time for their protection. At the end of even this period of

[Dr. Ziauddin Ahmad.]

protection, they will be able to stand on their own legs. I find that their fair selling price is less than the price at which the British goods can be imported, and, therefore, protection is not needed. We may levy a duty for revenue purposes, but you cannot call it a protection duty, because a protection duty is needed only if the fair selling price of Tatas is more than the price at which the article is imported from foreign countries ; but if the article is imported at a price higher than the fair selling price of Tatas, then I see no reason why the protection duty is levied. As I have said repeatedly, a revenue duty should not be used for protection purposes. Whenever you levy a revenue duty, you will have to equalise it by levying a special excise duty. We have done this in the case of sugar and our memories are not so short. We gave a certain amount of protection to the sugar industry : we raised it for revenue purposes by 25 per cent. in 1931, and, then, afterwards, when the Government came forward and said that the additional duty was only for revenue and not for protection, an equivalent excise duty was levied. I want to remind the House and the Honourable the Commerce and the Finance Members that we levied in 1930 a protection duty on sugar of Rs. 7-4-0 a cwt., and by the Act of 1931, we suddenly raised—by that foolish mistake of ours—the duty by 25 per cent. then, when we realised that we had committed a mistake, we came forward this last Session and said that the mistake ought to be rectified either by removing the additional protection or by imposing an excise duty equivalent to the amount of the revenue duty which had been put up. We decided the later course in the interest of revenue. We adopted this principle in the case of sugar. I see no reason why we should not do the same in the case of steel. If, after giving requisite protection, we put revenue duty, then let us follow the example of sugar and impose a corresponding excise duty, and we should not use the revenue duty for the sake of protection. We ought to be consistent : we cannot treat one particular industry, because it is weak in one way and treat another industry, because it is strong in another way : we are not a government of capitalists : we are a government of the people of India, which includes more non-capitalists than capitalists ; and, therefore, in the interests of the consumers, we ought to have a uniform principle, and that, after fixing a minimum amount of protection, we cannot increase the protection simply by putting on a revenue duty on it ; and, if we ever put a revenue duty, we must put a corresponding excise duty, just as we did in the case of sugar. I say, therefore—abolish this revenue duty altogether : but if you disagree, then there is no other alternative but to impose a corresponding excise duty on similar articles in this country. Sir, I move.

Mr. President (The Honourable Sir Shanmukham Chetty) : Amendment moved :

" That in the Schedule to the Bill, in the proposed Amendment No. 20, in the fourth column of Item No. 237, the words and figures ' or 20 per cent. *ad valorem*, whichever is higher ' be omitted."

The Honourable Sir Joseph Bhore : Sir, my objection will apply equally to the next two amendments which stand in the name of my Honourable friend. I would point out that all these three items deal with unprotected items, and the result will be, if my Honourable

friend's amendment is carried, to remove the difference between the differential and the standard rate.....

Dr. Ziauddin Ahmad : On a point of order : the Honourable gentleman says that these items do not refer to any measure of protective duty : if that is so, may I ask whether these things can come under this Steel Protection Bill ?

The Honourable Sir Joseph Bhore : These are consequential changes. As a matter of fact, I was pointing out that these are not protected items, and, therefore, under the Ottawa Agreement, we are bound to give them preference if of British origin. The effect of my Honourable friend's amendment would be to eliminate the difference between the standard and the differential rates : and, on that account alone, I would be justified in opposing all the amendments. I would point out to him that if he is really actuated by the feeling that some thing must be done for the re-rolling industry, I have already given the assurance that we will do what we can within the limits open to us to assist that industry.

Sir, I oppose.

Mr. President (The Honourable Sir Shanmukham Chetty) : The question is :

" That in the Schedule to the Bill, in the proposed Amendment No. 20, in the fourth column of Item No. 237, the words and figures ' or 20 per cent. ad valorem, whichever is higher ' be omitted."

The motion was negatived.

Dr. Ziauddin Ahmad : Sir, I move :

" (1) That in the Schedule to the Bill, in the proposed Amendment No. 20, in the fourth column of Item No. 237, for the figures and words ' 20 per cent.' the figures and words ' 10 per cent.' be substituted."

and :

" (2) That in the Schedule to the Bill in the proposed Amendment No. 20, in the fifth column of Item No. 237, the words and figures ' or 10 per cent. ad valorem, which is higher ', be omitted."

The Honourable the Commerce Member has already replied to these amendments, and, therefore, I wish to take it for granted that my speech may be the same.

Mr. President (The Honourable Sir Shanmukham Chetty) : The question is :

" (1) That in the Schedule to the Bill, in the proposed Amendment No. 20, in the fourth column of Item No. 237, for the figures and words ' 20 per cent.' the figures and words ' 10 per cent.' be substituted."

The motion was negatived.

Mr. President (The Honourable Sir Shanmukham Chetty) : The question is :

" That in the Schedule to the Bill, in the proposed Amendment No. 20, in the fifth column of Item No. 237, the words and figures ' or 10 per cent. ad valorem, which is higher ', be omitted."

The motion was negatived.

Mr. President (The Honourable Sir Shanmukham Chetty) : The question is :

" That the Schedule stand part of the Bill."

The motion was adopted.

The Schedule was added to the Bill.

Mr. President (The Honourable Sir Shanmukham Chetty) : We now go back to clause 9. The question is :

" That clause 9 stand part of the Bill."

Dr. Ziauddin Ahmad : May I just say that this particular clause was left over and it was agreed that it should be taken after we had finished clause 3 of the Bill ? We may take it after perhaps clauses 3 and 2 and 1 and the title are finished.

Mr. President (The Honourable Sir Shanmukham Chetty) : We can finish clause 3 and then go on to clause 9. The question is :

" That clause 3 stand part of the Bill."

Dr. Ziauddin Ahmad : Sir, I beg to move:

" That in sub-clause (1) of clause 3 of the Bill, for the figures ' 1941 ', the figures ' 1939 ' be substituted."

Sir, when we first gave protection to the steel industry, it was given for a period of three years, and, at that time, it was clearly pointed out in the Report that this period of three years was fixed because the conditions of world prices in 1924 were very uncertain, and it was thought that in three years' time the general conditions would settle down. When the Bill came up again in 1927 for discussion, we extended the period for seven years, because in 1927 we felt that the conditions were not so uncertain as in 1924 on account of the fixation of exchange. Now, Sir, today we are practically in the same position as in 1924, because, we do not know what the monetary condition of the world is going to be ; nor can we say what the level of prices would be after five years. No doubt, from 1929 onwards up to the present year, we have been having an enormous period of depression, with the result that prices of almost all articles have fallen. but I must say that we are just on the verge of revival again. We cannot say what the general conditions in three years' time are going to be. It is likely that the European countries will have to raise the prices of their articles. They will probably have to stabilise their currencies in terms of the dollar and sterling, and they will have to find out new price levels for all their agricultural products and manufactured goods. At the same time, we see that there is likely to be a great improvement in the manufacture of goods, and, consequently, the cost of manufacture will considerably change. Therefore, we expect that during the next five years, changes of a momentous character are likely to occur, and this change will probably be over after five years. Therefore, if we draw our conclusions from the facts of the last five years, we are justified in saying that the present conditions will continue for another five years. But to say that conditions will not change for another seven years is really more than the general conditions of the world can justify. We all know that we are moving nowadays very fast, and in two years' time we will have to find out some solution for the low monetary condition into which the world has fallen, and this monetary condition leads to great disturbances in the price levels of the manufactured articles. Therefore, we have given the protection on the price level at a very unfortunate time. I am nearly certain that the price level of these articles will not remain the same after the world

conditions have settled down. In view of the fact that the world conditions in 1934 are practically the same as they were in 1924, I think it is only reasonable that we should give protection for a period of five years, and then if necessary extend the period for another two years, if conditions do not improve. In India we see visible signs of improvement, and there are visible signs elsewhere also. The world, however, is waiting to know the results of the huge experiment which America is making about the managed currency, and, as soon as the results of the American experiment are known, then the world conditions will get settled down, and probably the currency of every country will be stabilised, the prices will be fixed, and the prices then will be quite different from those that have been ruling during the last two or three years. I consider that three years will be quite sufficient for conditions to settle down, both monetary and price level conditions of the world. After five years we will be in a position to judge whether protection is really needed or not. I am certain that we are just on the eve of momentous changes both in respect of the price level of articles and of the value of currencies in different countries, and it is somewhat unsafe for us to predict that the present world conditions will continue for another period of seven years. To my mind, five years are quite sufficient. With these words, I move my amendment.

Mr. President (The Honourable Sir Shanmukham Chotty) : Amendment moved :

"That in sub-clause (1) of clause 3 of the Bill, for the figures '1941', the figures '1939' be substituted."

Raja Bahadur G. Krishnamachariar (Tanjore cum Trichinopoly: Non-Muhammadan Rural) : Sir, I support this amendment. I was urging that no protection should be given at all to this industry, but on the principle that half a loaf is better than none, I say that protection for five years would be quite sufficient instead of for seven years.

Mr. N. N. Anklesaria (Bombay Northern Division: Non-Muhammadan Rural) : Sir, it was stated in this House that consistency is not one of the virtues of my Honourable friend, Dr. Ziauddin Ahmad, and by moving this amendment, I think he has confirmed that opinion, which is generally held in this House. My Honourable friend has been for so long railing at the monopolistic position which the Tatas have come to occupy in the steel industry, and now he wants to curtail the period which is absolutely necessary for any other concern to start and enter into competition with the Tatas. How does my friend expect any other investor to invest his money in the steel industry against a well-developed concern like the Tatas without being assured of a reasonable period of protection ? Sir, for this reason, I oppose the motion.

The Honourable Sir Joseph Bhore : Sir, I do submit to the House that nothing is to be gained by such a petty change in the period of protection as that suggested by the Mover. I think I can do no better than read to the House the reasons recorded by the Board for their recommendations in this regard. What they say is :

"The capital replacements and improvements on the basis of which we have estimated the reductions in works costs will necessitate a total expenditure approximating to the aggregate depreciation likely to be earned by the Company over a period of seven years. We think it unlikely that during the next few years it will be possible for the Company to raise the funds required for this expenditure in the market. For this reason alone it is necessary that the protection recommended

[Sir Joseph Bhore.]

should continue for seven years. While in the present conditions of industry and trade we cannot for obvious reasons estimate with precision how long protection will be required, we believe, considering the progress made by the Indian industry during the past seven years and assuming a revival of Continental prices to a more economical level that the Indian industry will, within the next seven years, substantially approach the stage of being able to dispense with protection."

My friend, Dr. Ziauddin's point, in regard to variations in prices, is probably a good one. Nobody knows what the course of prices is likely to be in the next few years, but we have guarded against that by the powers which we propose to assume under clause 2. The whole object of that clause is to balance any large variations of prices that may result from unforeseen contingencies or circumstances over which we have no control. So far, therefore, as his argument is based on variations of prices which we are unable to anticipate at the present moment, I think that is met by the power which we are asking the House to invest us with under clause 2. Sir, I oppose the amendment.

Mr. President (The Honourable Sir Shanmukham Chetty) : The question is :

"That in sub-clause (1) of clause 3 of the Bill, for the figures '1941' the figures '1939' be substituted."

The motion was negatived.

Mr. President (The Honourable Sir Shanmukham Chetty) : The question is :

"That clause 3 stand part of the Bill."

The motion was adopted.

Clause 3 was added to the Bill.

Mr. President (The Honourable Sir Shanmukham Chetty) : The question is :

"That clause 2 stand part of the Bill."

Dr. Ziauddin Ahmad : In view of the amendment that is to be moved under No. 4, I do not want to move my amendment No. 2*.

Mr. Vidya Sagar Pandya (Madras : Indian Commerce) : I beg to move the amendment which stands in my name (No. 3).

"That for part (a) of clause 2 of the Bill, the following be substituted :
'(a) sub-sections (4) and (5) shall be omitted.'

"That in part (a) of clause 2 of the Bill, for the word 'sub-section' the word 'sub-sections' be substituted and after the proposed sub-section (4) the following sub-section be inserted :

'(5) If the Governor General in Council is satisfied, after such inquiry as he may think necessary, that steel or steel products or steel articles, made in India, are sold by the manufacturers or their agents at higher than the fair selling prices fixed by the Indian Tariff Board, in their report, dated the 19th April, 1934, in respect of such steel, steel products or steel articles and it is not convenient or possible to regulate or control them (either generally or in respect of any specific articles) by reducing the duty as provided in sub-section (4) above, he may, by notification in the Gazette of India, direct the manufacturers of steel or such products or articles not to sell or cause to be sold by their agents at above the fair selling prices in respect thereof so fixed by the Indian Tariff Board, and in case of any default impose such penalties as he may consider necessary including withdrawal of protection (partly or wholly) or confiscation of such quantities as may be sold in breach of such direction.'

The Honourable Sir Joseph Bhore : A point of order, Sir. I would like your ruling as to whether this amendment is in order. I submit that it introduces an entirely new principle into the Bill. It proposes to invest the Governor General in Council with powers to regulate prices. This, I submit, is outside the scope of the Bill as framed and I ask your ruling as to whether this amendment is in order.

Mr. Vidya Sagar Pandya : As regards the point of order, I wish that my Honourable friend, the Commerce Member, had sought the help of the Honourable the Law Member before he raised this objection. The object of the amendment is simply to give a shape to the same object which the Government themselves have in the matter, i.e., controlling the prices. It was explained and confirmed by the Honourable the Commerce Member last Monday in winding up the debate on the motion that the Bill be taken into consideration, and I shall read an extract from his speech. He said :

"I can assure the House that we will give to the re-rolling industry, assistance on the general lines laid down in the Tariff Board's report. To be specific we will do what we possibly can to ensure that the prices of the raw materials will not exceed Rs. 64 at port *plus* the countervailing excise duties. That I think completes the case for the subsidiary industries."

Now, the whole burden of the Bill is that under clause 2 of the Bill they will regulate prices in such a way that sufficient protection is given to the iron and steel industry. The objection that has been raised by the Honourable the Commerce Member can be disposed of by the ruling given by your predecessor in a similar case. I would draw your attention to this book called "A Selection from the Decisions from the Chair, 1921-30", and it begins at page 395, and with your permission I will read it :

"To Sir Charles Innes' Resolution regarding the grant of protection to the Paper Industry, Mr. N. M. Joshi wished to move an amendment which sought, among other things, to provide for satisfactory labour conditions in the industry. Government objected on the ground that the amendment raised an entirely separate issue and that it also concerned a provincial subject and was therefore out of order.

The President ruled : 'I understand the objection of the Honourable the Commerce Member refers only to Part I and that he does not object to the admissibility of Parts 2 and 3 of Mr. Joshi's amendment. I will confine myself, therefore, to the determination of the question whether Part I of Mr. Joshi's amendment is in order. In doing so, I have to take into consideration and pay due respect to the ruling of my Honourable predecessor of the 26th January, 1925, on the discussion of the amendment of the Honourable Member from Bombay (Mr. Joshi) to the steel bounty Resolution. (*Now comes the more important part of it*). The Honourable Sir Frederick Whyte ruled that, as the original Resolution proposed a bounty to the steel industry as at that time constituted any further measures for nationalising, Indianisation or treating in any other way the steel industry would have to be done under some other Resolution.'

I take the effect of this ruling to be that the restrictions of this nature are impositions on the working of the industry itself and not proper restrictions on the grant of the bounty and that consequently, the proposal to impose such restrictions is outside the scope of the Resolution. With due respect to my distinguished predecessor I must confess I find the point difficult to appreciate. It appears to me that any amendment which operates as a restriction on the grant of the benefit proposed by the Resolution is a restriction on the Resolution and is therefore within the scope of the Resolution. This is a proposal to impose a duty on certain classes of paper coming from abroad and thereby to raise the cost to consumers in this country.

The Members of this House, as representatives of the people, are entrusted with the care and the interests of the consumers, and I cannot agree that they should be

[Mr. Vidya Sagar Pandya.]

debarred from attaching conditions to the grant of assistance to industries in this country by the imposition of a tariff.

There is only one other ruling to which I think fit to refer at this stage and that is a ruling in the case of Steel Protection Bill which was given on the 4th of June, 1924, by the Acting President, Sir Chimanlal Setalvad.....”

Mr. President (The Honourable Sir Shanmukham Chetty) : The Honourable Member need not read the whole of that ruling. He has drawn the attention of the Chair to that.

Mr. Vidya Sagar Pandya : Similarly, when the last Steel Protection Bill was under discussion, Mr. Chaman Lall moved an amendment which read as follows. It occurs in the Legislative Assembly Debates of the 21st February, 1927, page 1095. The new clause which he moved was as follows :

“ After clause 3 of the Bill the following new clause be inserted and the subsequent clauses be re-numbered accordingly :

‘The Governor General in Council shall have power to frame rules under the Act in respect of such steel companies operating in India as may from time to time be notified by the Governor General in Council, prescribing the amounts out of the profits of such companies :

(a) which would be set aside from time to time to form a depreciation fund to be used only for providing against the depreciation of existing plant ;

(b) which should be set aside for the provision of housing, sickness, benefits and maternity benefits for workers employed by notified steel companies, whose salaries amount to one hundred rupees or less per mensem.”

This is one of the items which was quite outside the scope of the Bill, but no objection was raised to it, and it was allowed to be moved in the House. No doubt the amendment was negative in voting but that is another matter. When such wide latitude was allowed in the past, I do not see how this thing can be barred, which practically wants to confirm what the Government themselves have in mind. I do not see that any objection should be raised to an amendment which practically comes within the four corners of the Bill and as such I submit I am quite in order in moving this amendment.

Sir Abdur Rahim (Calcutta and Suburbs : Muhammadan Urban) : I wish just to say a word on this point of order. The objection is taken on the ground that it is outside the scope of the Bill—that is the amendment sought to be moved by Mr. Pandya. The whole object of the Bill is, it is said, to give protection to the iron and steel industry, but the way to give protection according to the Bill is to fix a certain price as the fair selling price at which the company is expected to sell their goods, and it is on that that the duties are regulated. If that is so, it seems to me that it cannot be denied that the Bill itself seeks to regulate the prices of these iron and steel goods in this country, both imported and manufactured here. I am not speaking on the merits of this amendment, but only on the question of order. It is impossible to say that the amendment in any way infringes or goes beyond the scope of this Bill. Again, clause 2 of the Bill says : The Governor General in Council will have power to increase the import duty or to reduce it. The purpose of the Bill is certainly to regulate prices and it is only by regulating prices that protection can be given to the Tatas and also to the consumers and the subsidiary industries. Therefore, by clause 2

Government are taking power, I take it, for increasing or reducing the duties to regulate the prices. You cannot get out of it. I do not know if the Government on general grounds object to any legislation fixing the prices of commodities produced in India. That is not the ground which is mentioned by the Honourable the Leader of the House. If that were so, I should say that even there they are out of court.

An Honourable Member : Government have fixed prices in the case of sugar-cane.

Sir Abdur Rahim : In the case of sugar-cane, they have fixed prices, and I can quite see that this very Government will be driven, if they go on with their policy at present, to fix the prices of many other commodities, I say, that is the natural outcome of their policy, and I do not know that there is any sort of limitation on the power of this Legislature to fix the prices. I do not think there are any such limitations as were suggested by the Honourable the Commerce Member, and, so far as this Bill is concerned, the whole object of the Bill, with a view to giving effect to protection, is to regulate the prices.

The Honourable Sir Joseph Bhore : I just want to say one word with reference to what fell from the Leader of the Opposition. In the case of sugar-cane, I would point out that the power to fix prices was embodied in a separate Bill and to that extent, my objection is all the stronger.

Mr. S. C. Sen (Bengal National Chamber of Commerce : Indian Commerce) : I do not understand the real purport of the opposition of Government to this clause. Is it contended that when you want to give protection to a particular industry, you cannot lay the condition upon which such industry will get that protection ? The natural consequence of this opposition will be that you cannot impose any condition to the protection to be given in whatever form that may be ; that result will follow if the point raised by the Honourable the Commerce Member is strictly applied, but look at clause 2. That clause enumerates the condition upon which the protection has been given. That raises the condition that, under certain circumstances, the protection can be reduced and can be increased, and, when this point was referred to in the Select Committee by me, I was assured that the point about fixing the fair selling price comes practically within the purview of clause 2 of the Bill. If that be so, why cannot we put in a clause specifying the condition and the mode by which the condition should be exercised. As a matter of fact as has been pointed out by Pandit Vidya Sagar Pandya, the Honourable the Commerce Member gave an assurance to the re-rolling industry as to fixing the fair selling price. He stated, in so many words, when he gave the assurance in this House that he would see that the subsidiary industries get their raw materials at a particular figure. What is the meaning of this assurance and how is that assurance to be enforced ? This amendment has been put for the purpose of enabling the Government to enforce the assurance given by the Honourable the Commerce Member, and, if the assurance given to the subsidiary companies is intended to be enforced, I do not understand why the Government should raise this point of order.

Mr. N. N. Anklesaria : To what paragraph of the report are you referring to ?

Mr. S. C. Sen : I am not referring to any paragraph, but to the assurance contained in the speech of the Honourable the Commerce Member. In these circumstances, I do not think there is any question of order. The amendment merely specifies the scope of clause 2 of the Bill, and moreover, the precedents given by my Honourable friend, Mr. Pandya, show very well that you can impose a condition when you are giving protection.

Mr. President (The Honourable Sir Shanmukham Chetty) : The admissibility of amendments of this nature has formed the subject matter of discussion on the floor of this House on more than one occasion in the past. Unfortunately, the rulings that have been given are conflicting. Even as early as 1924, when the first Steel Industry (Protection) Bill was before the House, this point was brought to the notice of the House and the Chair. In connection with that Bill, an Honourable Member wished to move an amendment with the object of protecting labour, and the President ruled :

"I have no doubt that the amendment is out of order, because it deals with a different and foreign subject altogether."

Again, in 1925, when there was a Resolution regarding the grant of a bounty to the steel manufacturing companies, Mr. Joshi sought to move an amendment to nationalize the steel industry, and the President again ruled :

"Mr. Joshi proposes to nationalize the steel industry by way of an amendment. That clearly is out of order. He also proposed to bring in the question of labour conditions and the Indianization of the superior staff. Those are out of order as they are not within the scope of the original Resolution."

That is how the position stood in 1925. It is true, as the Honourable Member, Mr. Vidya Sagar Pandya, has observed, that, at a later stage, the Chair ruled that an amendment to regulate the labour conditions would be in order in a Bill which seeks to give protection to an industry. That ruling was given in 1925 ; and, last year, in the case of the Indian Textile (Protection) Bill, the Honourable Member, Mr. Thampan, wanted to move an amendment seeking to impose certain conditions on companies and factories to whom protection was granted under the Bill, and the Chair then held that that amendment was in order, because it really restricted the scope of the Bill and did not seek to enlarge it. That is how the position stands so far as rulings are concerned. The Chair has no doubt that the point raised in Mr. Vidya Sagar Pandya's amendment is a very important one, but what the Chair has to decide is, not whether the House has got the power of regulating prices or not—because the Chair understood that the Leader of the Opposition wanted to hold that the House has got the power of regulating prices (*Sir Abdur Rahim* : "Yes")—but that is not the issue. If the House wanted, by means of a Resolution or by means of a special Bill, to regulate the prices of certain commodities in this country, it would be perfectly open to the House to do so. The point to be considered now is, whether, in a Bill designed to give protection to an industry, the House can incorporate a clause dealing with the regulation or restriction of prices. It has been contended by those who have pointed out that the amendment is in order that when this House is called upon to give protection to an industry, it would be open to the House to impose conditions under which alone such protection can

be enjoyed by the industry. It cannot be contended that, in the case of any protection Bill, the House would be entitled to move amendments imposing conditions of all kinds and nature. The Chair has to decide whether the restriction sought to be imposed upon the industry can itself be construed to come within the scope of the Bill. It is clear that in a Bill which seeks to give protection to an industry any scheme of price control is clearly outside the scope of the Bill, and the Chair must, therefore, hold that Mr. Vidya Sagar Pandya's amendment is not in order.

Mr. Vidya Sagar Pandya : Sir, when I sent in my amendment, I did feel afraid that the amendment might not be quite in order on account of its draftsmanship, and I, therefore, addressed a letter to the Secretary requesting him that "before it is tabled, its draft should be revised by the Official Draftsman so that there may be no objection to its draft, the only objection remaining being the substance", and the Secretary told me that such advice is not at all given to Members. Now, if it is only on account of the form and the wording of the amendment that objection might be taken, well, I was quite prepared to pay for the Official Draftsman's fee for putting it in order (Laughter), but I was told, both by the Secretary and by another gentlemen in that office, that no such help is given here. I may point it out here that in the Mother of Parliaments in the case of private Bills, if a Member is not able to draft, the Government Draftsman, on receiving a certain fee, drafts them. Well, I was quite prepared for it, but I got no help in that direction, and I am really sorry that, on account probably of the wording of the draft, I have not been able to bring it within the four corners of the Bill though it is quite within the spirit of the Bill.

Mr. President (The Honourable Sir Shanmukham Chetty) : The Chair can assure the Honourable Member that the Chair has not ruled it out of order because of any defect in draftsmanship. The very substance of the amendment is out of order. All schemes for restriction or control of prices are out of order in this Bill.

Sir Abdur Rahim : Sir, I move :

"That to the Proviso in part (a) of clause 2 of the Bill, the following be added at the end :

'and provided further that every notification issued under this sub-section shall be laid before both Chambers of the Indian Legislature as soon as may be after it is made and shall cease to have effect on the expiry of two months from the date on which it has been laid before either Chamber unless in the meantime it has been approved by a resolution of each Chamber'."

Sir, this amendment raises a question of considerable constitutional importance, and, as the House will have noticed, I have practically copied the amendment from an Act of this Legislature, viz., Act XIII of 1933, known as the Indian Industries Safeguarding Act. That Act was passed a year ago, and the House then accepted the principle that the Government, which are not responsible to the Legislature, may be given power to meet certain emergent cases in which Indian industries may have to meet unfair competition from outside. At that time I believe the danger of such competition was apprehended from Japan and some other countries, but mainly from Japan: and as it would be difficult in cases of such nature for the Legislature to take prompt and effective action, the Legislature

[Sir Abdur Rahim.]

thought it feasible and prudent, in the interests of safeguarding the industries of this country, to delegate its power to the Governor General in Council though the Government of India are not responsible to the Legislature. Sir, that is a principle which has been recognized by the Legislature, and I am not going now to say one word against it. But I do contend and emphatically contend that this House should not go beyond the principle accepted in that Act, that is to say, that the Governor General in Council should be empowered under the Act to meet emergencies with which certain industries in this country may be faced and on account of which they may be prejudicially affected by unfair competition from outside and that such action by the Governor General in Council must be subject to the approval of the Legislature in the sense that it will have operation only for two months from the date on which the notification of the Governor General in Council is placed on the table of this House and of the other House. The Act provides that when such action is taken by the Government, the notification issued in pursuance of that action should be placed before both Chambers as soon as possible. That is, supposing at the time the Legislature is not sitting, in that case the Notification of the Government will have operation until the Legislature meets. Then, from the date the Notification is laid before both the Chambers, it will have operation for two months and no more unless a Resolution of each Chamber confirms the Notification and extends it for a further period. That is a principle which one can approve and the House has approved it already. But what is now proposed goes far beyond that, and I really see no justification for this extension of the power which the Legislature has given to the Government rather the principle underlying the power. I see no justification for it unless it be that the Legislature thinks that having passed an Act of this nature, it is *functus officio*, they no longer care what happens and wish to leave it to the Government to decide afterwards for a period of seven years whether to increase the duties further or to reduce them. Is this House prepared to accept the principle that once this Act is passed, it will be left entirely to the Executive Government, a Government which up to now has not been responsible to us, to alter the tariff in any way they like? I see my Honourable friend, the Finance Member, is laughing. I do say "in any way they like".

The Honourable Sir James Grigg (Finance Member) : I was not 1 P.M. laughing at anything said by the Honourable Member.

Sir Abdur Rahim : What I do say is that the Government can alter the tariff in any way they like by increasing or lowering the duty. I know that that is not the intention of the Legislature in giving such power to the Government. But they will act according to their own judgment and according to their own discretion. They may make such inquiries as they like or they may not. There is no duty laid upon them to make an inquiry. Anyway, whether the Government is wiser than the Legislature is certainly a moot point, though not with the Government. But that is not the point I am making. The question is that the Legislature has got certain powers. We have got what is called a Fiscal Convention to which this House attaches the greatest importance. In other spheres of legislation, we fully know that we can be overruled by the Government of India acting under instructions of the Secretary of State, but in fiscal matters, as a result of long agitation in the country, we have acquired this Con-

vention to which we attach the greatest value. That Convention is that if the Legislature and the Government of India agree, then the Secretary of State will not interfere with any decision arrived at in such a matter. Now, Sir, if the Legislature ties up its hands and makes over whatever powers it has at present to the Governor General in Council, then what happens? Then there is no Convention which the Secretary of State will be bound to accept. The Secretary of State can interfere with the Government of India's decision and give them the lead. In moving this amendment, I am not in any way seeking to minimise the benefits which the Tatas are getting from the protection. As a matter of fact, on the merits of the Bill, I have given every support to the Government. I have not questioned their decision in that respect, and I have so acted, because I believe that the iron and steel industry at Jamshedpur has proved worthy of our support. That is the reason why I have given support to that industry and to the proposals of the Government. Sir, it would not have been necessary for me to move this amendment but for the fact that the Government in this case has gone beyond the scope of the Act (Act XIII) of 1933 and also because that Act will cease to have effect after the 31st March of 1935. Government have taken power by this clause, and I do not quarrel with them so far as that is concerned, that is, not only to increase the protective duty, but also to reduce it in the interests of the consumer. Therefore, it would not have suited my purpose to ask the Government to rely entirely on Act XIII of 1933. So far as the industry is concerned, clause 2 of the Bill may operate for their benefit or it may operate to their disadvantage. I have not the slightest doubt that so long as the present protectionist policy of the Government of India continues under the control and guidance of my Honourable friend, the Commerce Member, there will be very little risk to the Jamshedpur industry under clause 2 of the Bill. But, Sir, the Government of India, taken as a whole, are not completely masters of the situation, nor are the Government of India in their personnel always the same Government. Their personnel does not continue to be the same and the same is the case with this House. Therefore, in moving this amendment, I am not in any way actuated by any apprehension either that the interests of Tatas will inevitably suffer or the interests of the consumer. I am raising this question as one of great constitutional importance especially having regard to the future Constitution which is now under consideration. The House will know that the British people and the British Government insist that their trade in this country must undergo no risk, and there has been considerable discussion in the Joint Select Committee as to what should be the definition and scope of the proposals regarding commercial discrimination. That involves the question of Fiscal Autonomy of India. Naturally every Indian, who was a delegate to the Round Table Conference or the Joint Select Committee, took up a strong position, and I submit to the House that if we now concede this clause 2, as it is, without the modification that I have suggested, then we shall be very seriously and radically weakening our own position so far as Fiscal Autonomy is concerned.

Mr. F. E. James (Madras : European) : How?

Sir Abdur Rahim : Now, because the British will say, this House itself in its wisdom deliberately considered that an irresponsible executive is a better guardian of our fiscal policy than we ourselves. I should have thought that this was so obvious that it would have appealed at once to

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Mr. James. But the question raised is one of paramount importance, and I would ask the House, depleted as it is on our side, to take a firm and unanimous stand, and I would specially appeal to the representatives of industries that it is not in their interest to support the clause, as it is, but that it is in their interest as well to support the amendment.

Mr. President (The Honourable Sir Shanmukham Chetty) : Amendment moved :

" That to the Proviso in part (a) of clause 2 of the Bill, the following be added at the end :

' and provided further that every notification issued under this sub-section shall be laid before both Chambers of the Indian Legislature as soon as may be after it is made and shall cease to have effect on the expiry of two months from the date on which it has been laid before either Chamber unless in the meantime it has been approved by a resolution of each Chamber '."

In the afternoon, the Chair proposes that the House should sit till about six o'clock.

The Assembly then adjourned for Lunch till Three of the Clock.

The Assembly re-assembled after Lunch at Three of the Clock, Mr. President (The Honourable Sir Shanmukham Chetty) in the Chair.

Mr. N. N. Anklesaria : Sir, my Honourable and esteemed friend, Sir Abdur Rahim, the Leader of the Opposition, has acquired a status and position in this House which entitles every proposal coming from him to respectful consideration from every Member of this House. When I first read his amendment I thought there was a good deal in it and I can quite understand his anxiety, as a great constitutional lawyer, for the powers and privileges of this House. I could understand very well, Sir, that protective duties, being part of taxation, could not be lightly entrusted to an irresponsible executive. Sir, the power of the purse has been earned by other countries of the world after a good deal of fight and bloodshed ; and I can very well understand my Honourable friend, Sir Abdur Rahim, standing up for it when it was threatened by a piece of legislation like the present, according to his conception of this measure. But, Sir, after I looked into the debates concerning the Safeguarding of Industries Bill of 1933, I felt absolutely convinced of the validity of the stand which the Government propose to take up with regard to this particular clause, and I came to realise very vividly how very inopportune was the amendment proposed by my Honourable and esteemed friend. Sir, my belief in the inopportuneness of this amendment was considerably strengthened by the speech of my Honourable friend, Mr. Das, whom I do not see just now in his place, on that Safeguarding of Industries Bill. I propose to deal with that speech later on, and, therefore, I shall say nothing about it at present. Sir, so far as I can see, my Honourable and esteemed friend, Sir Abdur Rahim, has totally misconceived and misapprehended the cogency of the principle embodied in the Safeguarding of Industries Act in connection with the present discussion. The Safeguarding of Industries Act contains a serious inroad on a deliberate decision of this House which we know as the fiscal policy of discriminating protection. And, it

is only reasonable and it is only common sense that when we allow the executive to violate that deliberate decision of this House by granting indiscriminate protection, the executive must consult this House and ascertain how far this House is with them in the particular measure of indiscriminate protection involved. On the other hand, Sir, what is the principle of this clause ? The principle of this clause is not to provide against the violation of a deliberate decision of this House but the *implementing* of a decision of this House. This House has decided that the steel industry requires protection.

Mr. B. Das (Orissa Division : Non-Muhammadan) : Not yet.

Mr. N. N. Anklesaria : I mean this Bill seeks to do so ; and, if anything renders that decision nugatory, it is up to this House to provide against that contingency. And this is exactly what the clause sought to be amended by my Honourable and esteemed friend seeks to do. Sir, the principle of entrusting the executive with the task of carrying out and implementing the fiscal policy laid down by this House deliberately is not a new thing at all. That principle is embodied definitely and most unmistakably in the Indian Tariff Act of 1894, and, when we last protected this very industry, the Steel Protection Bill of 1927 provided for exactly a similar power to be given to the executive without requiring the executive to come for confirmation of the exercise of their powers to this House. I refer to section 3, (4) and (5) of the Tariff Act of 1894 which was incorporated in that Act by Act 3 of 1927. Act 3 of 1927 which provided for almost exactly similar power to be given to the executive also laid it down that those sub-clauses (4) and (5) were to be effective only till the 31st March, 1934 ; and, if you look to those sub-clauses in the Act of 1927, and if you compare them with the present clause 2 of the Bill, you find that the present clause is an improvement in the interests of the consumer on clauses 4 and 5 of the Act of 1927. Clause 4 of the Act of 1927 provides for articles of British manufacture and articles not of British manufacture, and, as regards the former, it gives the Governor General power to increase existing duties in case of emergencies such as provided for in this Bill, but it does not give the Governor General power to reduce those duties as regards the British manufactures ; and I say this Bill, providing as it does for reduction of duties in connection with British manufactures, is an advance in the interests of the consumer. I, therefore, cannot understand the opposition of my Honourable and esteemed friend, Sir Abdur Rahim, to this clause. It is also noteworthy, that the Act of 1927 was passed by a House in which the so-called popular Members—I mean the Swarajists—were a very dominating element, and, still, none of those Swarajist Members thought of putting in a proviso like the one proposed by my Honourable and esteemed friend, the Leader of the Opposition. The Tariff Board has stated and stated correctly, following the recommendation of the Ottawa Report, that if a provision like this is to exist in our law, celerity and promptness of putting that provision into operation is of the very essence ; and if you look at the whole question from that point of view, namely, celerity and promptness of action on the part of the Government, how could that celerity and promptness be more efficiently provided for except by a clause like the present one unqualified by a proviso like the one proposed ?

Mr. Gaya Prasad Singh (Muzaffarpur cum Champaran : Non-Muhammadan) : But how does the proviso frustrate that object ?

Mr. N. N. Anklesaria : I will just come to it. The difficulties of giving effect to anti-dumping laws like that provided for in this clause are numerous, and they have been very elaborately enumerated by Professor Jacob Viner. I am not going to read from his work, but any man with common sense could see the difficulties existing in the administration of anti-dumping laws as found even by experience of countries such as England, United States, Australia, South Africa, etc., when they tried to administer such laws. My point is that by providing a proviso like this, you will not be in any way lessening those difficulties. On the contrary you would be accentuating them.

Then, what weighs with me most and induces me to oppose this amendment is the effect which a discussion in an open House on the matter provided for in this clause would entail on our relations with foreign countries. I was very forcibly reminded of this difficulty when I read my Honourable friend, Mr. Das's speech on the occasion of the Safeguarding of Industries Bill. My Honourable friend said that he was not going "to mince" matters, that he was not addicted to talking "in diplomatic language" and that he advocated that war should be declared on Japan. Language like this will not, I say, in any way improve our relations with foreign countries, and could not be allowed in this House even under the existing law. But how can you prevent such language being indulged in if you pass the amendment proposed by my Honourable and esteemed friend, the Leader of the Opposition ?

Mr. B. Das : But you find this already in legislation in other countries ?

Mr. N. N. Anklesaria : My Honourable friend says that clauses like this are found in anti-dumping legislations in other countries. I quite agree. (Interruption.) My Honourable friend was not here when I distinguished between the principle of the Safeguarding of Industries Acts and the principle of the present clause and I am not going to repeat that distinction. But, as regards other countries, I know the Fiscal Commission has recommended that we should follow the model of Australia in this connection. But had the Fiscal Commission realised the difficulties which the Australian Government is even now contending against in giving effect to their anti-dumping laws, I believe they would have revised their opinion. Professor Jacob Viner points out that the model which would lead to beneficial results in the present connection is the model provided for by the Canadian Act of 1904 and this clause is modelled on the Canadian Act of 1904.

Then, Sir, what about political corruption ? Anybody who has listened and taken part in the debates and discussions on the various protective measures which have come before the House will be forcibly reminded of the inconveniences of discussions taking place in open House on matters like the protection duties. No doubt, Sir, every question has two sides, and every side will have its advocates, and, Sir, the cost of that advocacy will have to be borne by the industry concerned. Sir, it is very easy to see that if this amendment is passed, we shall be encouraging and inviting agitation in this House every-time the Government elects to exercise its powers.

The other day, my friend, Mr. Amar Nath Dutt, brought a Resolution against the alleged mismanagement of the Tatas, and we know,

Sir, that after a good deal of mud-slinging, after a good deal of scandalous talk, that Resolution was withdrawn, but, I am quite sure, the feelings which it left behind will not redound to the credit of any Honourable Member in this House. Performances like these, Sir, if this amendment is given effect to, would be by no means infrequent in this House.

Sir, then it was said—what is your safeguard against this irresponsible executive abusing the powers with which you are entrusted? The only ground on which my Honourable and esteemed friend supported his amendment was that that great fiscal convention was jeopardised. Sir, I have thought over the matter very deeply during the luncheon interval, and I have not been able to find any cogency or even any relevancy in my Honourable and esteemed friend's arguments based on the fiscal convention.

Sir, I submit that in our power of questioning, in our power of interpellation, in our power to moving Resolutions and in our power of bringing an adjournment motion, there is sufficient safeguard against the abuse of the powers entrusted by this clause to the executive, and, if this amendment is passed, the effect would be to render our decision to protect the steel industry nugatory, and it would work mischief in more dispositions than one. I, therefore, Sir, strongly oppose this amendment.

Raja Bahadur G. Krishnamachariar : Sir, it seems to me that a lot of unnecessary complication has been introduced into the discussion of this very simple amendment which, I understand, is intended to compel the Government of India when the circumstances mentioned in this sub-clause (4) come into existence that they should before finally giving effect to their Resolution or their conclusion to which they might come in exercise of the powers under clause 4, before they give final effect, I say they should come before this House and justify their position, not in the cause of urgency, because they have been given a *locus penitentia* of two months within which to come here and justify their position, and then to make their conclusion final. Sir, the clause runs thus :

"If the Governor General in Council is satisfied, after such inquiry as he thinks necessary, that any duty imposed on any article by Part VII of the Second Schedule has become ineffective or excessive for the purpose of securing the protection intended to be afforded by such duty to a similar article manufactured in India, he may, by notification in the Gazette of India, increase or reduce such duty to such extent as he thinks necessary either generally or in respect of such article when imported from or manufactured in any country or countries specified in the notification", etc., etc.

The fact is that when the lessening or the excessive nature of the duty would make ineffective the protection that this Bill wants to give, when that state of circumstances comes into existence, the Governor General has got the power by a notification to reduce or to increase the duty in order to secure the protection that this Legislature may eventually decide to give by means of this Bill. All that the amendment says is,—that is all right, we have no objection to give you this power, but for the same reason that you have to come to us to enable you to impose this duty upon these articles, for that very same reason and upon that same ground when you decide after the inquiry contemplated by this sub-section that the duty laid down here should

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be increased or reduced, come to us again, we shall consider the position as we are asked to consider the present position and agree to the duty that you want to impose at present. Exactly in the same manner, I say, we shall consider your premises and allow you either to increase or decrease the duty if we find that the premises stated by you are reasonable and deserve support. That is the idea which underlies this amendment, because, Sir, the amendment says :

" And provided further that every notification issued under this sub-section shall be laid before both Chambers of the Indian Legislature as soon as may be after it is made and shall cease to have any effect on the expiry of two months from the date on which it has been laid before either Chamber unless in the meantime it has been approved by a Resolution of each Chamber."

I do not know where is the opportunity for my friend, Mr. B. Das, to speak plainly such language as would antagonise the whole world against us. I do not understand what is that dangerous effect that a discussion would have dangerous effects, how on earth is it possible to see that a gentleman living somewhere would be so much antagonised against us that probably the skies would fall before this Assembly passed a Resolution. All that tall talk would, instead of supporting the Government cause, I am afraid, greatly weaken it. Do you or do you not rely upon this Assembly, do you or do you not think that this Assembly has got a right to say what it has got to say on the proposal? I know, of course, it is not binding on you, I know you have got your votes with which you can get through whatever you want. But all that you want is *Zubberdust mare magar bolne to de*. That is the thing that we want. Objection is taken, do not even cry. Then what else is left to me? This is a great constitutional position, and, if I had thought that there was going to be any objection, at least from this side, I should have found several Acts of Parliament where this sort of safeguard has been introduced. There is a book, I have quoted that very often on the floor of the House, which is called "The New Despotism". It is written by no less a person than the present Lord Chief Justice of England, Lord Hewart. He says that the new despotism consists in Parliament delegating its real powers to the executive which, of course, as in India, so in England, consists of infallible civil servants, experts in their own way.—it does not matter if they have not had any previous training in the branch—the fact is they are there and *ex hypothesi* they are experts. What Lord Hewart says is that these gentlemen, once they are entrusted with these powers, frame rules which Parliament has absolutely no chance of reviewing except by means of a private Bill—I am not sure that they have got even that power in every case. It is against that procedure that the Lord Chief Justice of England protests very strongly, and against that tendency, and quite recently, the same protest has come from America as well—that popular assemblies who have not got the necessary leisure to go into details find it convenient to transfer their responsibility to an executive. If an objection to this process is raised even in countries like England where the Government is responsible to the people, where the Government, if it does anything which is not to the people's liking, would be immediately thrown out—I say, if such objection could be considered in England valid by such an eminent authority as the Lord Chief Justice of England, we do not want any argument here in this

House to show that at least a chance to decide or to say whether your action is correct or not should be given to this Assembly in order that they may come to some conclusion. Brush it aside if you like, I am not sure that much of what we say is even considered. Probably the fault is with us, probably we do not say anything quite useful or sensible or reasonable, but the fact is there that very much of what we say is either ineffective or for some reason or other is not considered as worth anything at all. But, even so, as we have been given the statutory right to partake in your fiscal administration, so the amendment is in itself an important matter. When we are giving you powers, please come to us and tell us what you want to do. Very probably we shall agree, and if we do not, what does it matter? It is only a matter of a few hours' discussion and you are bound to get through your own ideas. I do not know why such a simple amendment as this should require such a big haranguing in order to protect the Government from malicious and vilifying attacks which might endanger the very existence of Government. A very curious argument was put forward that in the Canadian Act, which is said to be a model, there is no such provision. In our own Act of 1927, there is no such provision, *ergo*, why do you want it now? If that is so, why, when you were a child you were quite satisfied with milk, and you want solid food now! Circumstances change. We have all been promised a sort of democratic Government and popular control over that Government, and if this is the way by which you are going to allow us to discuss the actions of Government, how are we going to have any powers which could be usefully exercised in connection with these matters? The fact that you did not put in a thing, at a certain time, is rather an extraordinary argument to state that you ought not to do it subsequently when you want to have it done. I, therefore, submit that, both as a matter of precedent, and as a matter of policy, and again, as a matter of convenience and upholding, the very privileges which you yourself have conferred upon us, I say that this amendment is the most reasonable amendment which deserves the approval of the House, not excluding the Members on the Treasury Benches. Sir, I support this amendment.

Mr. K. C. Neogy (Dacca Division : Non-Muhammadan Rural) : Sir, in supporting this amendment I propose to be as brief as possible. I do not know whether we should take my Honourable friend, Mr. Anksarsaria's speech as representing the Government's view in the matter. In any case, I could not quite follow him when he was seeking to draw a distinction between this Bill and the Safeguarding of Industries Act, and when he said that a restriction like the one we contemplate in this amendment was necessary in that case, because the Safeguarding of Industries Act constituted a violation of the principle of discriminating protection which had been adopted by this country. As far as I have been able to judge, the distinction which may be legitimately pointed out between this measure and the Safeguarding of Industries Act is this. In the case of the Safeguarding of Industries Act, action had to be taken by Government in a state of emergency, when the assent of this House in regard to details of protection or "temporary shelter"—that was the expression that was used on that occasion—could not possibly be obtained without unnecessary waste of time, which might prove even fatal to the cause which the Government and the Legislature had at heart, namely, the safeguarding of Indian industries. It is no doubt true that the Safe-

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guarding of Industries Act conferred wide powers on Government for the purpose of not merely protecting different industries, but also for the purpose of choosing the different industries that should be granted that kind of protection. In the first place, the Government was given the discretion to choose the industries that were to be safeguarded, and in the next place, Government had the discretion to fix the quantum of protection that was to be granted to each industry. Perhaps, my Honourable friend when he replies to the debate will point out that, therefore, there is a good deal of difference between that case and this. It was altogether a blank cheque that we were giving to Government in that instance in regard both to the choice of industries and to the determination of the amount of protection. I am at once prepared to concede that there is something in this point. But let us examine the position a little more carefully. It is no doubt true that in this particular Bill we are determining a particular industry as being qualified under the various canons laid down by the Fiscal Commission for protection, and we are, moreover, laying down the quantity of protection which, according to our judgment, this particular industry is entitled to. Now, so far as the choice of industry is concerned, I quite agree that we are not conferring the same amount of indefinite powers on Government as the Safeguarding of Industries Act, and so far as the amount of protection goes, it is no doubt true that we are laying down the different rates at which different items of steel manufacture will have to be assessed to taxation. But, if we look into the terms of the particular clause, to which this present proviso is sought to be added, it will appear that the schedule to this Bill, which we have just adopted, is, from all practical points of view, no better than a mere model schedule of rates of taxation. The Government under the very wide powers which are being granted under this clause have the perfect liberty and the right to chop and change this particular schedule even beyond recognition if they choose to do so. The life that we are giving to this Bill is more than the normal life of two Legislative Assemblies, and, as was pointed out the other day by the Honourable the Home Member in connection with a piece of social legislation, that it is not right that a dying House should tie down the hands of its successor in regard to such an important matter. We are certainly going to place it on the Statute-book but what we plead for is that, when the Government come to exercise their very wide powers under this particular clause, they will at least give a chance to our successors to have their say.

My Honourable friend, Mr. Anklesaria, has pointed out that such a provision is to be found in the two older Acts of 1924 and 1927, and my Honourable friend, the Raja Bahadur, has replied to that point. I should like to say that in such matters no plea of prescription can possibly be allowed to be raised by Government. We are entitled to examine every clause of a Bill which is before us and it is quite open to us to take a particular course of action which may not have been taken by our predecessors either through mistake or oversight or as an act of deliberate choice. I thought that my Honourable friend, Mr. Anklesaria, would start with an amount of prejudice against a particular measure which had been passed with the help, as he pointed out, of the Swarajist element in the previous Assembly. I do not know why my Honourable friend, in this particular instance, is going to cite the authority of the Swarajists as a complete answer to the arguments adduced by my Honourable friend.

Sir Abdur Rahim. My Honourable friend referred to a particular Resolution which was discussed in this House, and, he said, there was a good deal of mud-slinging on that occasion and he said that if the facilities which this particular amendment would give to the Legislative Assembly to have discussions on these matters were granted, then more of mud-slinging would take place.

Mr. N. N. Anklesaria : Without any corresponding advantage.

Mr. K. C. Neogy : But, at the same time, my Honourable friend pointed out that it was quite open to us to raise all these points by way of questions, by way of Resolutions, by way of adjournment motions ; why then seek this particular procedure for the purpose of having a discussion, asked he. So I take it, that my Honourable friend's objection is not so much to discussions, not even so much to mud-slinging because, I may remind him that the mud-slinging, as he was pleased to call it, which took place according to him on a previous occasion, took place on a Resolution, and even according to him, it will be perfectly open to this House to have any amount of mud-slinging on Resolutions of that character. Therefore, I do not think that my Honourable friend is entitled to be taken seriously when he adduced that particular argument. My Honourable friend referred to his apprehension that discussions in this House under this particular amendment might lead to international complications. That is what I understood him to say. I do not remember—I have been here for the last 14 years—any discussion in this House which has led to serious consequences of that character. If my Honourable friend were right, then, I think, some of the reports of the Tariff Board should have involved us in wars in the past. No, Sir. No such contingency can be visualised by us and I do not think my Honourable friend can expect us to take him very seriously even in this argument. The difference between Mr. Anklesaria and us is very fundamental. While we seek the enlargement of the rights and privileges of this House, he is always eager to circumscribe even the little rights and privileges that we at present enjoy. Reference has been made to the difference between the character of Government which we have here and the popular Government of a democratically governed country. My Honourable friend, the Commerce Member, might say that when they exercise their rights under this particular clause and put on off-setting duties, as they are called, they will always remember the opinion that has been expressed in this House, and they are not likely to go against the principles which have been laid down for their guidance by the House itself. I am rather chary of accepting such an argument on the present occasion, because it was not very many days ago when an Honourable Member of the Government stated that although his predecessor in office had taken the responsibility of making a statement in this House that in his opinion, which I take it, at that moment represented the opinion of Government as a whole, a particular Local Government had not carried out the wishes of this House, the Honourable Member did not agree with that view ; and, I dare say, he took action contrary to what was expected to be taken by his predecessor in office in that matter. My Honourable friend, to whom I am referring, had not even taken the trouble of explaining to the House the reasons as to why he thinks that his predecessor in office was wrong in coming to the conclusion that a particular Local Government had not carried out the wishes of this House. As the Government Members are not responsible to this House, how can we feel safe in entrust-

[Mr. K. C. Neogy.]

ing such large powers to the Government, when, as a result of change in the personnel, such wide and fundamental differences of opinion can take place and influence the policy of Government. For all these reasons, I think, this amendment should be adopted by this House.

The Honourable Sir Joseph Bhore : Sir, I regret that Government must oppose this amendment. The Leader of the Opposition has raised what in his opinion is a point of some constitutional importance and he has appealed to our procedure under the Safeguarding of Industries Act in support of his point of view. My Honourable friend, Mr. Neogy, has to some extent anticipated the line that I propose to take. I would point out to my Honourable friend opposite that the two cases are entirely and utterly different. They are as the poles apart. In this particular case we are coming with our proposals for the levy of duties for the specific approval and sanction of the Legislature. All that clause 2 of the Bill proposes to do is to give the executive power to see that unforeseen contingencies are not allowed to upset the intentions of the Legislature in this matter. What we are doing now is we are laying down a level of duties which the Legislature considers are essential to secure the measure of protection which it desires to give. If this clause is passed by the Assembly, what, in effect, this House will be saying is this : " We desire this level of duties to be maintained in the interests of the industry and of the consumer. If circumstances arise, which it is not possible for us at the present moment to anticipate, we give you power to see that the duties do not become excessive or insufficient to carry out our expressed intentions." Now what is the case under the Safeguarding Act ? In that case the executive, on its own initiative, imposes such duties as it thinks necessary, in respect of such industries as it thinks appropriate, after such summary inquiry as it may deem fit.

Sir Abdur Rahim : Including protected industries, I take it ?

The Honourable Sir Joseph Bhore : Including all industries, but in such circumstances, it seems to me to be only appropriate that these duties should come before the Legislature for an expression of its views and for its ultimate sanction. Now I do submit, that this clause as it stands raises no constitutional question of any real importance. My Honourable friend, the Leader of the Opposition, spoke as if now, for the first time, this clause were being introduced into the Bill in order to equip us with wide and extensive powers. That, Sir, is not the case. Of course, I know my Honourable friend did not mean to insinuate this, but the fact remains that that is not so. These powers have been in existence for many years. There has never been any suggestion that the executive Government has used those powers either arbitrarily or contrary to the intentions of the Legislature. On the contrary, Sir, if there has been any criticism, the criticism has rather been that the Government has not used the powers with which it was equipped by the Legislature as rapidly and as effectively as it could have done. Now, Sir, I would like to say that there are strong reasons against the alteration in procedure recommended by my Honourable friend, the Leader of the Opposition. I would point out that the requirement, that action under clause 2 should be subject to ultimate endorsement and confirmation by the Legislature, introduces a very serious element of uncertainty which may dislocate trade and business. It may lead to speculation, it may lead to

gambling, and, where it does not lead to speculation and gambling, it may lead to temporary stagnation in trade. Such interference may perhaps be inevitable in the case of the Safeguarding of Industries Act, where the duties have never yet come up before the Legislature. This interference, I submit, is wholly unnecessary and wholly inadvisable in cases where all the action that is to be taken is in the direction merely of modifying duties with the idea of carrying out the expressed intentions of the Legislature. That, Sir, in short, is the case against the amendment and I oppose it. (Applause.)

Mr. President (The Honourable Sir Shanmukham Chetty) : The question is :

"That to the Proviso in part (a) of clause 2 of the Bill, the following be added at the end :

"and provided further that every notification issued under this sub-section shall be laid before both Chambers of the Indian Legislature as soon as may be after it is made and shall cease to have effect on the expiry of two months from the date on which it has been laid before either Chamber unless in the meantime it has been approved by a resolution of each Chamber."

The Assembly divided :

AYES—30.

Abdul Matin Chaudhury, Mr.
Abdur Rahim, Sir.
Aggarwal, Mr. Jagan Nath.
Ba Maung, U
Badi-uz-Zaman, Maulvi.
Das, Mr. B.
Jadhav, Mr. B. V.
Krishnamachariar, Raja Bahadur G.
Lahiri Chaudhury, Mr. D. K.
Lalchand Navalrai, Mr.
Mahapatra, Mr. Sitakanta.
Maswood Ahmad, Mr. M.
Mitra, Mr. S. C.
Muazzam Sahib Bahadur, Mr. Muham-
mad.
Murtuza Saheb Bahadur, Maulvi Sayyid.

Neogy, Mr. K. C.
Pandya, Mr. Vidya Sagar.
Patil, Rao Bahadur B. L.
Reddi, Mr. T. N. Ramakrishna.
Roy, Rai Bahadur Sukhraj.
Sant Singh, Sardar.
Sen, Mr. S. C.
Shafee Doodi, Maulvi Muhammad.
Singh, Mr. Gaya Prasad.
Sitaramaraju, Mr. B.
Thampan, Mr. K. P.
Uppi Saheb Bahadur, Mr.
Wilayatullah, Khan Bahadur H. M.
Yakub, Sir Muhammad.
Zinuddin Ahmad, Dr.

NOES—52.

Abdul Aziz, Khan Bahadur Mian.
Ahmad Nawaz Khan, Major Nawab.
Ali, Mr. Hamid A.
Allah Baksh Khan Twana, Khan Baha-
dur Malik.
Anklesaria, Mr. N. N.
Bajpai, Mr. G. S.
Bhadrapur, Rao Bahadur Krishna Reddi
B.
Bhote, The Honourable Sir Joseph.
Brij Kishore, Rai Bahadur Lala.
Buss, Mr. L. C.
Chatarji, Mr. J. M.
Craik, The Honourable Sir Henry.
Dalal, Dr. R. D.
Duguid, Mr. A.
Grantham, Mr. S. G.
Grigg, The Honourable Sir James.

Hockenhull, Mr. F. W.
Hudson, Sir Leslie.
Ibrahim Ali Khan, Lieut. Nawab
Muhammad.
James, Mr. F. E.
Kamaluddin Ahmad, Shams-ul-Ulma
Mr.
Lal Chaad, Hon. Captain Rao Baha-
dur Chaudhri.
Lumby, Lieut.-Colonel A. F. R.
Metcalfe, Mr. H. A. F.
Morgan, Mr. G.
Muinuddin, Sardar G. N.
Mukherjee, Rai Bahadur Sir Satya
Charan.
Nihal Singh, Sardar.
Noyce, The Honourable Sir Frank.
Pandit, Rao Bahadur S. R.

Perry, Mr. E. W.
 Rafiuddin Ahmad, Khan Bahadur
 Maulvi.
 Raghbir Singh, Rai Bahadur Kunwar.
 Raismam, Mr. A. J.
 Rajah, Rao Bahadur M. C.
 Ramakrishna, Mr. V.
 Ranga Iyer, Mr. C. S.
 Rastogi, Rai Sahib Badri Lal.
 Rau, Mr. P. R.
 Richards, Mr. W. J. C.
 Row, Mr. K. Sanjiva.

Scott, Mr. J. Ramsay.
 Scott, Mr. W. L.
 Sher Muhammad Khan Gakhar, Captain.
 Singh, Mr. Pradyumna Prashad.
 Sircar, The Honourable Sir Nripendra.
 Spence, Mr. G. H.
 Studd, Mr. E.
 Suhrawardy, Sir Abdulla-al-Mumün.
 Trivedi, Mr. C. M.
 Zakaullah Khan, Khan Bahadur Abu
 Abdullah Muhammad.
 Zyn-ud-din, Khan Bahadur Mir.

The motion was negatived.

Mr. K. C. Neogy : Sir, I beg to move :

"That in clause 2 (a) of the Bill, the proviso to the proposed sub-section (4) be omitted."

The proviso reads as follows :

"Provided that the duty leviable on any such article shall in no case be less than the duty leviable on a like article of British manufacture."

The sub-section to which this proviso is proposed to be added confers wide powers on the Government, as we have just seen, for the purpose either of increasing the duties in the interests, I take it, of the industry or reducing the duties in the interests of the consumer. I was very glad to note that my Honourable friend, the Leader of the House, is speaking the other day said that no political prejudices should influence our decisions in this connection. I should, therefore, very much like to know from him the reasons why this proviso is sought to be added. I take it that if the proviso means anything, it means this that even if the circumstances justify it, and even if the Executive Government is otherwise satisfied that the British duties should be reduced to a level below that of the non-British duties, even then this House should fetter the discretion of the Executive so as to secure that the duties to be fixed on non-British articles may not be less than the duties to be paid on the British imports. Now, Sir, I know that a similar provision finds place in the Act of 1927. But if my Honourable friend will look up the debates of that year, he will find that Mr. Jamnadas Mehta moved an amendment seeking to substitute a particular clause for the entire clause along with this proviso. And if that amendment had been carried, the effect of it would have been that this proviso could not have found a place in the Act at all. That division was unfortunately lost, not by a very large margin. However, I do hope that the Government would not plead prescription in this matter. I should like my Honourable friend to tell this House as to whether this proviso is being added as a part of this clause entirely on economic grounds. We have experienced great difficulties arising from the fact that a large number of foreign countries enjoy what is known as the most-favoured-nation treatment, and during the last two or three years the Government have come up against enormous difficulties in seeking to protect Indian industries by virtue of that privilege being enjoyed by those foreign nations. I do not know whether my Honourable friend will say that this particular proviso is in the nature of a most-favoured-nation treatment clause for the benefit of Great Britain. If my Honourable friend defends it on that or any similar ground, I should like to know from him as to what *quid pro quo* we have obtained for granting this particular concession. I should very much like to know whether it is a one-sided concession or whether we have got a very good consideration for making

this concession by way of legislation in this House. In any event, however, I should like to know from my Honourable friend if this particular proviso has not been adopted by any political consideration or any political prejudice in favour of Great Britain.

Mr. President (The Honourable Sir Shanmukham Chetty) : Amendment moved :

" That in clause 2 (a) of the Bill, the proviso to the proposed sub-section (4) be omitted."

Mr. B. Das : Sir,

Sir Cowasji Jehangir : A non-Congress man spoke just now and a Congressman has got up to support him.

Mr. B. Das : No, my Leader has proposed the amendment, and I am supporting it as a follower. Sir, I am not a lover of Imperial Preference, nor have I supported at any time on any occasion any measure of Imperial Preference. I have made it clear in my Minute of Dissent and in the various speeches on the floor of the House. I should like to see all industries wiped out of existence than to place national humiliation on the nation. (Hear, hear.) I have made this charge before, and, I say again, that I should like to see the Bombay city under the sea. Bombay has caused us more humiliation than any other city in India.

Sir Cowasji Jehangir : That might happen when you are there one day.

Mr. B. Das : If I were there I would make them more patriotic.

Mr. B. V. Jadhav (Bombay Central Division : Non-Muhammadan Rural) : How would you do it ?

Mr. B. Das : Last time when I used to live there I controlled the Bombay Presidency Association and criticised the action of Liberal Ministers like my friend, Mr. Jadhav.

Mr. B. V. Jadhav : I was not a Liberal Party Minister then.

Mr. B. Das : As I was saying I do hope that some Queen of England will claim again Bombay as part of her dowry and separate Bombay from India. If Aden could be separated from Bombay and if Burma could be separated from India, it is better that Bombay is separated so that we may not be subject to such national humiliation as we are now subject to by reason of Bombay being a part of India. (Laughter.) My Leader, Mr. Neogy, asked a question as to why I did not particularly raise this issue in the Select Committee. I explained that I am opposed to Imperial Preference and I do oppose it now. But I did not raise this particular issue knowing the mentality of the Government which carries a majority here and knowing also the mentality of the House on various questions, particularly the whole-hearted spirit of reciprocity that my Honourable friend, Mr. Mody, has exhibited from time to time, it was very difficult for me to raise questions like this, namely the deletion of the proviso in the Select Committee. I did make it clear after the spirit of reciprocity that my Honourable friend, Mr. Mody, exhibited towards the Government in his negotiations on the cotton textile question. If there is to be today the question of preference, as some Honourable Member on the Treasury Benches, I do not know who, perhaps it was the Honourable the Finance Member, as some Honourable Member said Imperial Preference is dead I believe the question should be solved by

[Mr. B. Das.]

a spirit of reciprocity but that reciprocity should be on the basis of exchange of commodities. If India is allowed to sell one million worth of commodities to England, then India would be prepared to purchase commodities of the same value from England. But what do we find? England sells India one million worth of commodities but India is allowed to sell to England commodities only worth half a million. That is the spirit of reciprocity that can be understood in the Bombay city but not in other parts of the Country. I did make it clear in the last Session of the Assembly that I was quite prepared to consider any well-considered programme of reciprocity between England and India. The other day my Honourable friend, Mr. Thampan, put a question on the floor of the House on the Indo-British Agreement and he asked whether protective measures should be brought under the Ottawa preference clause. I have referred to it twice and I do not want to raise it again by reading out what you, Sir, as a delegate—although at the time I did not agree with you entirely—what you brought for us from Ottawa. At least the Ottawa delegation laid down that any industry and any article that is protected, should not come within the purview of the Ottawa Agreement. But the Government of India, bit by bit, are bringing everything under the Ottawa pact. The other day when that question was asked on the floor of the House, my Honourable friend, the Leader of the House, said that negotiations were going on. In reply to a question he said :

"I am afraid I do not quite follow my Honourable friend. This is undoubtedly an agreement between this Government and the Government of the United Kingdom."

Then the question was further asked whether it will deal only with the cotton textile industry with which my Honourable friend, Mr. Mody, was in great love, though now he is in love with steel. The question was asked whether the negotiations were going to cover the whole ground of protected industries. The Honourable the Commerce Member replied :

"It will refer, I think, to certain general principles which will be equally applicable to the cotton textile industry as to other industries."

Sir, a vicious and mischievous principle is going to be developed and applied against the continued prosperity of the Indian industries, and yet the Indian mercantile community in India has no voice in the matter nor any knowledge of such negotiations. The negotiations may be only back-stair negotiations between Mr. Mody, the President of the All-India Employers' Association and the Honourable the Commerce Member, but when my Honourable friend, Mr. Mudaliar, asked the question :

"Are any Indian commercial bodies being consulted during this stage of the negotiations?"

The Honourable the Commerce Member replied :

"No commercial interest have, as yet, been consulted."

A question was further asked whether they will be consulted and the reply was :

"I am not in a position to bind myself in regard to that but I have no doubt that the Government will have an opportunity of knowing what the views of commercial interests in this country will be about the various questions that are under discussion."

Mr. President (The Honourable Sir Shanmukham Chetty) : Order, order. The question of Imperial Preference is not at present under discussion and should not be discussed at length now. As Mr. Neogy pointed out, the clause under discussion is in the nature of a most-favoured-nation clause and it is not a preference clause. The Chair hopes the Honourable Member will confine himself to the issue before the House.

Mr. B. Das : Sir, I will subject the Indo-British Trade Agreement to a critical examination at a later stage, either today or on Monday, when the opportunity arises. Probably I am a little bit dull. I do not interpret that this proviso gives England the most-favoured-nation clause treatment, rather it is a distinct provision for Imperial Preference which came through the back-door or through the front-door, because Bombay insisted that the Tata steel industry at Jamshedpur should be protected in 1927. We had to swallow it although the nationalist element in this House, as my Honourable Leader, Mr. Neogy, pointed out, opposed it and lost it by a small margin. I was going to say we have travelled much further than we were in 1927. Not that we love the principle, not that we love to give any country any preference simply to add to our own humiliation but because those who control the industries in India have lost their spirit of patriotism and nationalism and they tie us down to this clause of humiliation. If Government is fair—the Government is not fair to the people of India because the Government have to receive their mandate from the Secretary of State, they have no alternative but to do so, the Government introduced preference in 1927 and another in 1930 in the cotton textile Bill of which my Honourable friend, Mr. Mody, was an advocate on the floor of the House and he was helpless and he had to swallow Imperial Preference again in the Textile Bill. So I would oppose any measure of Imperial Preference, but knowing the negotiations that have gone, I would agree to any Indo-British trade agreement provided it is done fairly and squarely and provided the representatives of the mercantile community in India are taken into confidence. But that the Government are not willing to do. So, if Government, with the order of Whitehall, introduce this kind of preference for Britain, then they and those capitalists, either in this House or outside it who support such measures, are guilty of treachery to India. Therefore, I whole-heartedly support the omission of this proviso from the Bill.

Mr. Jagan Nath Aggarwal (Jullundur Division : Non-Muhammadan) : Sir, Mr. Das discussed the history of this clause at great length, and, therefore, he was half apologetic and half explanatory as to the presence of this clause, because it appears it escaped his notice in the Select Committee and perhaps on the previous occasion when it came before the House.

Mr. B. Das : No ; Imperial Preference is an accepted fact. And did I not write my Minute of Dissent ?

Mr. Jagan Nath Aggarwal : His explanations perhaps have not solved my difficulty. I approach this question in a spirit of inquiry because this thing has remained in the Statute-book even before the Ottawa Agreement was concluded. I now put the proposition like this. This sub-section (4) in clause 2 is the reserve of power of the Governor-General. He has the right to manipulate these duties, to increase

[Mr. Jagan Nath Aggarwal.]

them or to decrease them, if he finds that the protection is not sufficient to the industry or if it is too much. And from the very nature of the case it is a very elastic clause ; and, to the advisers of the Governor General, my friend, the Commerce Member or the Finance Member, this is a great store-house of power. On the advice of the Ministers, the Governor General will proceed to act and they have the whole reserve of power in their hands to manipulate these duties, as and when they think proper, to raise or lower them. Now, Sir, I wish to know this. Is it in a spirit of absent-mindedness or is it in a spirit of abdication that they are giving away these powers and placing a restriction on their own future conduct ? Why is it that they say, " We shall use this power but we shall not use it in such a way as to conflict with the duty levied on goods of British manufacture ? " I say, Sir, that from the very nature of the case the power is vested in the Governor General to remedy a situation which may arise in spite of all calculations, to remedy a contingency which was not provided for. Well, Sir, if that is so, why is it that we are tied to the anchor of duties on British goods ? I think, from the very nature of the case, it is improper to put such a restraint on the exercise of this power in the hands of the executive Government. In fact, Sir, if I may say so, Government should have been the first to come forward and say, " Yes, thank you for this suggestion and we are prepared to take it ". It is very seldom that we on this side are out to enlarge the powers of the executive, but this is one such occasion when we say that you are putting fetters on your powers. Why do you do that ? The answer to that may be that you have entered into a bargain with the British Government. That is not so. That only happened in the Ottawa Agreement. This, if I may say so, may be a remnant of those political considerations of which we have heard so much. But the Honourable the Commerce Member disclaimed all ideas of political considerations underlying this measure. Therefore, I say, that it is either a remnant of those political considerations or it may be in a spirit of absent-mindedness. My Honourable friend, Mr. Neogy, when moving his amendment, reminded the House that this provision was there in the Act of 1927, but may I remind this House that in the debate which took place on this clause in 1927, there is no mention of the proviso ? Well, Sir, human beings are apt to nod and the Swarajist Assembly of those days may have nodded. Perhaps they were fighting for the deletion of the whole of this clause.

Mr. K. C. Neogy : Yes, they were fighting for a bigger principle.

Mr. Jagan Nath Aggarwal : I have not read the whole of the debate, but, from my recollection of what I have read of it, it appears that they put forward a substantive amendment to replace the whole of this clause, and, therefore, they did not bother about the proviso. Perhaps weak and *effete* as we are, we think it just as well to fight about the proviso, and, therefore, I would like to put it like this that when you are providing for a contingency which has not been foreseen and in which you are keeping a huge reserve of power in the hands of the Governor General, you should not tie your hands with considerations like this. We have not entered into any bargain. There is nothing to justify this restriction on the exercise of this power and all those ideas in which we always thought first of English commerce and then of anything else are not there as guiding principles of our policy at the present day. Therefore, I

submit that this proviso, the deletion of which has been moved by my Honourable friend, Mr. Neogy, should not find a place in this Bill.

The Honourable Sir Joseph Bhore : Sir, once again my Honourable friend, Mr. Neogy, seems to have been gifted with a spirit of prophecy, because he has anticipated the case which I am going to make. As a matter of fact I really have very little to say on this matter. I would only point out that we are not introducing a new principle. We are merely repeating a provision which has been embodied in the existing Act, which has been in existence for many years and which has received in the past the assent of an extremely critical Assembly. The point, Sir, that I wish to make is this. I do not really see why we should give any worse treatment to the United Kingdom than we give to all other foreign countries. I wish to emphasise one point which I have emphasised all along, and it is this. If at any time British goods in this country are imported at a price which competes unfairly with goods produced in this country, then Government will not hesitate to use the powers under this clause 2 in order to enable the industry to secure its reasonable fair selling price.

Mr. K. C. Neogy : And ignore the proviso ? How can you go behind the proviso ?

The Honourable Sir Joseph Bhore : In those circumstances, Sir, I do not think the existence of the proviso is necessarily a bar to the view which I have taken up.

Mr. K. C. Neogy : My Honourable friend has not answered my question. What is the *quid pro quo* for this particular concession ? My Honourable friend has not given any reply to that point.

The Honourable Sir Joseph Bhore : My reply to that is that it has been in existence for seven years.

Mr. K. C. Neogy : But why was it adopted in 1927 ?

The Honourable Sir Joseph Bhore : I was not here in 1927.

Mr. K. C. Neogy : But he has access to all papers ! I think the less my Honourable friend talks about political consideration the better.

Mr. President (The Honourable Sir Shanmukham Chetty) : The question is :

" That in clause 2 (a) of the Bill, the proviso to the proposed sub section (4) be omitted."

The Assembly divided :

A YES—27.

Abdul Matin Chaudhury, Mr.

Abdur Rahim, Sir.

Aggarwal, Mr. Jagan Nath.

Ba Maung, U.

Badi-uz-Zaman, Maulvi.

Das, Mr. B.

Jadhav, Mr. B. V.

Krishnamachariar, Raja Bahadur, G.

Lahiri Chaudhury, Mr. D. K.

Mahapatra, Mr. Sitakanta.

Maswood Ahmad, Mr. M.

Mitra, Mr. S. C.

Murtaza Saheb Bahadur, Maulvi Sayyid.

Neogy, Mr. K. C.

Pandya, Mr. Vidya Sagar.

Patil, Rao Bahadur B. L.

Reddi, Mr. T. N. Ramakrishna

Roy, Rai Bahadur Sukhraj.

Sant Singh, Sardar.

Sen, Mr. S. C.

Shafee Daoodi, Maulvi Muhammad

Singh, Mr. Gaya Prasad.

Sitaramaraju, Mr. B.

Thampan, Mr. K. P.

Uppal Saheb Bahadur, Mr. B.

Wilayatullah Khan Bahadur H. M.

Ziaddin Ahmad, Dr.

NOES—51.

Abdul Aziz, Khan Bahadur Mian.
 Ahmad Nawaz Khan, Major Nawab.
 Ali, Mr. Hamid A.
Allah Baksh Khan Tiwana, Khan Bahadur Malik.
 Anklesaria, Mr. N. N.
 Bajpai, Mr. G. S.
Bhadrapur, Rao Bahadur Krishna Raddi B.
 Bhore, The Honourable Sir Joseph.
 Brij Kishore, Rai Bahadur Lal.
 Buss, Mr. L. C.
 Chatarji, Mr. J. M.
 Crnik, The Honourable Sir Henry.
 Dalal, Dr. R. D.
 Ghuznavi, Mr. A. H.
 Grantham, Mr. S. G.
 Grigg, The Honourable Sir James.
 Hockenhull, Mr. F. W.
 Hudson, Sir Leslie.
 Ibrahim Ali Khan, Lieut. Nawab Muhammad.
 James, Mr. F. E.
 Jawahar Singh, Sardar Bahadur Sardar Sir.
 Kamaluddin Ahmad, Shaikh-ul-Ulema Mr.
 Lal Chand, Hon. Captain Rao Bahadur Chaudhri.
 Lumby, Lieut.-Colonel A. F. R.
 Metcalfe, Mr. H. A. F.

Morgan, Mr. G.
 Muazzam Sahib Bahadur, Mr. Muhammad.
 Mukherjee, Rai Bahadur Sir Satya Charan.
 Noyce, The Honourable Sir Frank.
 Pandit, Rao Bahadur S. R.
 Perry, Mr. E. W.
Rafiuddin Ahmad, Khan Bahadur Maulvi.
 Raghubir Singh, Rai Bahadur Kunwar.
 Raisman, Mr. A. J.
 Rajah, Rao Bahadur M. C.
 Ramakrishna, Mr. V.
 Ranga Iyer, Mr. C. S.
 Rustogi, Rai Sahib Badri Lal.
 Rau, Mr. P. R.
 Richards, Mr. W. J. C.
 Row, Mr. K. Sanjiva.
 Scott, Mr. J. Ramsay.
 Scott, Mr. W. L.
 Sher Muhammad Khan Gakhbar, Captain.
 Sircar, The Honourable Sir Nripendra.
 Spence, Mr. G. H.
 Studd, Mr. E.
 Suhrawardy, Sir Abdulla-al-Mamun.
 Trivedi, Mr. C. M.
 Zakaullah Khan, Khan Bahadur Abu Abdullah Muhammad.
 Zyn-ud-din, Khan Bahadur Mir.

The motion was negatived.

Mr. President (The Honourable Sir Shanmukham Chetty) : No. 6 of Mr. Vidya Sagar Pandya is a consequential one—and is out of order.

Mr. Vidya Sagar Pandya : Yes, Sir : it is consequential.

Mr. President (The Honourable Sir Shanmukham Chetty) : The question is :

" That clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

Mr. President (The Honourable Sir Shanmukham Chetty) : The question is :

" That clause 9 stand part of the Bill."

Amendment No. 18 of Dr. Ziauddin Ahmad is out of order. As regards amendment No. 19 of Raja Bahadur Krishnamachariar, the Chair is inclined to hold it out of order for the same reasons for which the Chair held the amendment of Mr. Vidya Sagar Pandya out of order, because this provides for arbitration in the case of disputes which is entirely beyond the scope of this Bill. The Chair would like to hear Raja Bahadur Krishnamachariar if he has got anything to say.

Baja Bahadur G. Krishnamachariar : My submission, Sir, is this : it has been said in the report of the Tariff Board in dealing with complaints made against the way in which the Iron and Steel Company deal with these

subsidiary companies—they say that they have not been treated fairly, and, I believe to a certain extent the Honourable the Commerce Member also accepted the position and they said they were going to give a remedy. What I say is that I want to give effect to this in this Bill : only, the difference between Mr. Pandya's amendment and mine is that whereas his related to the fixing of a price which you held is not properly within the scope of this Bill, my contention as embodied in this amendment is that you either do or do not want to give protection to subsidiary companies : you do : very well, then, when there is a dispute, how are you going to deal with it ? That is the point. Therefore the two cases do not stand on the same level. That is my submission.

Mr. President (The Honourable Sir Shanmukham Chetty) : The Honourable Member seeks to provide for reference to arbitration in case of disputes between the Tata Company and subsidiary companies. It is, the Chair thinks, entirely beyond the scope of the Bill. The Government may take such executive action as they may think necessary to meet any such difficulties, but, in a protection Bill, the Chair thinks, it is clearly out of order.

Raja Bahadur G. Krishnamachariar : My submission is that my amendment does not make it obligatory on the Government to take any action at all. Where, for instance, a subsidiary company makes a complaint, then I tell the Government my case. They may or may not act. It is only giving power which, I submit, it will be agreed.....

Mr. President (The Honourable Sir Shanmukham Chetty) : Whether the power sought to be conferred is mandatory or enabling, that does not alter the character of the amendment.

Raja Bahadur G. Krishnamachariar : According to that, I understand the position to mean that while we are entitled to say we will give protection or not, we cannot attach any condition. That is the position.

Mr. President (The Honourable Sir Shanmukham Chetty) : The conditions must be such as can be brought within the scope of the Bill. That is what the Chair made clear.

Raja Bahadur G. Krishnamachariar : But the scope of the Bill....

Mr. President (The Honourable Sir Shanmukham Chetty) : Order, order. Mr. Sitakanta Mahapatra.

Mr. Sitakanta Mahapatra (Orissa Division : Non-Muhammadan) : Sir, the amendment that stands.....

Raja Bahadur G. Krishnamachariar : I have got another amendment. Is that also *ultra vires* ?

Mr. President (The Honourable Sir Shanmukham Chetty) : Which one is that ? The Chair thought the Honourable Member had only one ?

Raja Bahadur G. Krishnamachariar : There is after (f) another amendment (g), there are two clauses.

Mr. President (The Honourable Sir Shanmukham Chetty) : The Chair was talking of amendment No. 19 as one amendment.

Raja Bahadur G. Krishnamachariar : May I make a submission, Sir. Whereas clause (f) of my amendment requires a reference to arbitration

[**Raja Bahadur G. Krishnamachariar.**]

which you have held as outside the scope of the Bill, clause (g) refers to the reduction of the excise duty if conditions so exist that the duties could be reduced. I would invite your attention to clause (g).

Mr. President (The Honourable Sir Shanmukham Chetty) : The second part seems to be in order. The Chair is prepared to allow the Honourable Member to split it up. He ought to have given two amendments, but the Chair is prepared to allow him to split it up, but in the meantime does the Honourable Member want to move no. 17 ?

Raja Bahadur G. Krishnamachariar : I have already said that No. 17 was only a consequential amendment to my amendment regarding clause (f).

Mr. President (The Honourable Sir Shanmukham Chetty) : The Chair will allow the Honourable Member to move the second part of amendment No. 19.

Raja Bahadur G. Krishnamachariar : Sir, I beg to move :

" That after part (e) of sub-clause (2) of clause 9 of the Bill, the following new part be inserted, and it shall be (f)."

The amendment reads thus :

" provide for the revision and reduction of the excise duty imposed by this Act according as the loss of revenue is made up for by duties being imposed on other steel products or by increase in the production of steel ingots either by the Tata Iron and Steel Company or by any other Company which may be established in the country."

My amendment shortly amounts to this.

[At this stage, Mr. President (The Honourable Sir Shanmukham Chetty) vacated the Chair, which was then occupied by Mr. Deputy President (Mr. Abdul Matin Chaudhury).]

The present duty of Rs. four has been calculated upon the basis of the necessity to make up for a loss of revenue which would range something between 25 and 30 lakhs. Now, in the conditions stated by me in my statement, supposing there is a windfall which would bring in more revenue upon the very basis of this Act, I think the excise duty ought to be reduced to that level. Once you leave the excise duty as provided for in clause 4, you cannot touch it until the end of this protection period, unless it be to completely cancel it. But if you want to reduce it by any amount up to one rupee or eight annas, you have no power to do so, and this is what I want to secure by this amendment.

Mr. Deputy President (Mr. Abdul Matin Chaudhury) : Amendment moved :

" That after part (e) of sub-clause (2) of clause 9 of the Bill, the following new part be inserted :

' (f) provide for the revision and reduction of the excise duty imposed by this Act according as the loss of revenue is made up for by duties being imposed on other steel products or by increase in the production of steel ingots either by the Tata Iron and Steel Company or by any other Company which may be established in the country '."

The Honourable Sir James Grigg : Sir, my Honourable friend seems to me to have shown a certain inconsistency within the last hour. The only unfortunate thing about it is, in answering his amendment, I shall

also display an exactly complementary inconsistency. On clause 2 he was extremely anxious that the power of imposing or reducing off-setting duties should not be exercised except with the specific consent on each occasion of the Legislature. Here he proposes to give the Governor General the power to make regulations to reduce the excise duty in accordance with his desire, from time to time, without any consent of the Legislature at all. I admit that I am inconsistent too. But I would plead that it does make a difference that in the former case it was merely a question of continuing to carry out a general object which is the whole foundation of the Bill and that the retention of this power in the hands of the executive is quite allowable. Be that as it may, Sir, I disclaim any desire for this further power, not because we have not the fullest intention of carrying out the pledge given both by myself and my Honourable friend, the Commerce Member, not to maintain the excise any longer than we actually need, but because I think that reductions of excise duties, which are purely questions of revenue, can much better be dealt with on revenue considerations as a whole, and not in accordance with the revenue yield of a particular item of taxation. In any case, are we not making ourselves slightly ridiculous if we enact this? The clause is a permissive clause, and to give the Governor General permissive power to revise or reduce excise duties, without any definition of the period as to when he should reduce them, will, I think, make us rather ridiculous, for, in point of fact, the Governor General will not in any case consider the excise duty except in relation to the revenue needs of a particular year at the time when those needs normally come under review. Sir, the amendment is, therefore, unnecessary, and I would ask the House not to pass it.

Mr. Deputy President (Mr. Abdul Matin Chaudhury) : The question is :

"That after part (e) of sub-clause (2) of clause 9 of the Bill, the following new part be inserted :

'(f) provide for the revision and reduction of the excise duty imposed by this Act according as the loss of revenue is made up for by duties being imposed on other steel products or by increase in the production of steel ingots either by the Tata Iron and Steel Company or by any other Company which may be established in the country.'

The motion was negatived.

Mr. Sitakanta Mahapatra : I beg to move :

"That sub-clause (3) of clause 9 of the Bill be omitted."

I object to this clause as I do not like the executive to be armed with powers to create new offences by means of rules. Sir, I move.

Mr. Deputy President (Mr. Abdul Matin Chaudhury) : Amendment moved :

"That sub-clause (3) of clause 9 of the Bill be omitted."

Mr. S. C. Sen : Sir, I support this amendment. I want to delete this sub-clause, not that I think that it ought not to be placed here, but on the general principle that no power should be given to a Local Government or the Government of India by rules to create offences. That is the principle against which I am fighting. Under this sub-clause the Government have a right to make rules and to say that any breach of those rules will be punished with a fine of Rs. 2,000. This point was raised by me in the Select Committee and I was told that this is not a

[Mr. S. C. Sen.]

matter of recent origin, but that it has been in existence for over half a century.....

Mr. K. C. Neogy : Prescription ! Prescriptive foolishness !

Mr. S. C. Sen : Certain Acts were shown to me which contained this clause, but that does not preclude me from raising the question. If the principle is wrong, the mere fact that it has been in existence for over 50 years does not make it a good one. Under these circumstances, I think that from now we ought not to put in a clause in the Statute whereby power will be given to the Local Governments or the Government of India to make rules and to create new offences. In Bengal we know to what extent this has been done. In an Act passed by this Legislature in 1932, that is, the Criminal Law Amendment Act, a provision is made that if any person publishes any seditious literature in public or any objectionable literature in public, he will be punished. The Bengal Act of 1932 contained a provision that the Bengal Government could make rules with the consent of the Government of India for the purposes of that Act. One of the rules made was one, which, to my mind, goes much beyond the operation of that Act, saying that any person having in his possession any seditious literature or any objectionable literature shall be sentenced to imprisonment for six months. Recently, I objected to that clause in a letter which I wrote to the Government of Bengal. Although I did not get any specific reply to that letter, I find that the next issue of the Calcutta Gazette contained new rules which deleted that particular rule complained of. But that may be by reason of the new Act which has been enacted in Bengal, namely, the Act of 1934, which contains several sections regarding similar matter. This is the point which I want to emphasise. About 500 or 600 boys have been sent to jail under a rule which is wrong in principle, which goes beyond the operation of the Act, and which made the mere possession of seditious literature an offence merely by rules. Under these circumstances, especially having regard to the fact that in clause 8 of the Bill you have specifically mentioned certain matters, the breach of which you specifically mention should be punished, why cannot you enlarge that clause and include therein whatever you want to make punishable ? That is my objection. I want the Legislature to set its foot down on this procedure, namely, of making penal laws by means of rules. Sir, I support the amendment.

The Honourable Sir Nripendra Sircar (Law Member) : Sir, I propose to deal with the objection on its merits apart from any question of what has been called "prescription", because I find the attitude of mind of some of my Honourable friends is that if a thing has lasted for some time or for a long time, that is a point against it. (Laughter.)

Mr. S. C. Mitra : Not necessarily.

The Honourable Sir Nripendra Sircar : If this amendment is accepted, the position will be that sub-clause (3) will go, and, therefore, under clause 9 (1) (2), the Governor General in Council will have power to make rules for many things—for assessment and collection of the duty, for imposing the duty of furnishing information, and so on, and so forth. As the result of the disappearance of sub-clause (3), the position will be that if any of these rules are broken, there will be no punishment for it. My Honourable friend, Mr. S. C. Sen, said, well, you can, by suitable

amendment in clause 8, provide the offences for which punishment would have to be inflicted. But I have not found any amendments as regards clause 8. My Honourable friend, Mr. S. C. Sen, contented himself with this short destructive criticism and did not apply his constructive mind to tell us how clause 8 should be amended, so that people may be punished for breach of the rules. The position at the present moment is this, if you omit sub-clause (3), then you may go on framing rules, but if the rules are broken, there will be no punishment. You will find that clause 9 covers more ground than clause 8. Clause 8 provides for :

"Whoever evades or attempts to evade the payment of any duty of excise payable by him under this Act",

—No. 1 is payment of duty—and then,

"or fails to supply any information....or knowingly supplies false information...."

The three matters which are dealt with are the evasion of duty, failing to give information, or giving wrong information. When we come to clause 9, there is no objection by this House to the Governor General in Council making rules for collection of the duty or assessment of the duty, for furnishing information, for keeping records, for making returns, and the various other things which are dealt with in clause 9. But, if the amendment is accepted, you cannot punish for any of these offences. Take, for instance, the making of returns. If a manufacturer says, "I am not going to keep any books, records or registers or returns, or to file any returns.", well, you can frame your rules and hang them up in your drawing room, but they will be of no assistance to anybody. I submit in this particular case, on the merits it will make nonsense if you omit sub-clause (3), and, as I said, there is no attempt to amend clause 8 by putting into it matters which are not covered by clause 8. Then, another thing will strike Honourable Members at once. If, as a matter of fact, rules are framed under clause 9, and surely if it is intended that for breach of these rules there must be punishment, because the rules relate to very important matters, the Legislature cannot now sit down and exhaustively enumerate what those offences are going to be, because *ex hypothesi* clause 9 contemplates infringement of rules and those rules have not yet come into existence. It is impossible to meet the situation by amending clause 8. The Governor General in Council has got power for making some rules. When those rules are broken, under sub-clause (3), the manufacturer can be punished. I submit, if we take out sub-clause (3), the result will be, you can go on framing any number of rules, but that is only for pleasing yourself, and nobody else will be hurt by it. Although, as I said, in some minds the fact that a thing has been in existence for some time is a point against it, I will just mention to the House how long the thing has lasted. And it has lasted for very good reasons. It is impossible for any Legislature to go into details and to specifically enumerate exhaustively that these are the offences which are going to be punished. That is impossible. Rules may have to be changed owing to varying circumstances and all flexibility will be lost if any attempt is now made to indicate exhaustively what are the offences liable to be punished. Sir, before I resume my seat, I would like to tell my Honourable friends here that Mr. Sen took this point and he said that allowing the executive to have power like this has come in as an innovation during the last two or three years.

Mr. S. C. Sen : Over 50 years.

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The Honourable Sir Nripendra Sircar : I am talking of the Select Committee. Mr. Sen is very much better advised now.

5 P.M.

Mr. S. C. Mitra : The Honourable the Law Member referred to what happened in the Select Committee of which there is no record and other Members cannot contradict it. I want a ruling on this point whether any Member can refer to what happened in the Select Committee.

Mr. Deputy President (Mr. Abdul Matin Chaudhury) : The Honourable Member has refrained from referring to the proceedings in the Select Committee.

The Honourable Sir Nripendra Sircar : I shall not refer to it if there is any objection.

Mr. S. C. Mitra : It is not allowed.

The Honourable Sir Nripendra Sircar : My Honourable friend, Mr. Sen, was apparently under the impression that this is an innovation two years old. I asked my Department to go into the matter, and I did inform him that our researches do not go beyond 50 years, and we found that from 1882 onwards, in the Electricity Act, in the Municipal Acts, in the Tramways Acts and Acts of all kinds whatsoever, this section has been introduced. I submit that this section should stand, as similar sections on various Acts have worked satisfactorily.

Mr. M. Maswood Ahmad : Sir, I rise to support the motion moved by my friend, Mr. Mahapatra, just now. The Honourable the Law Member has just now said that this portion can be omitted only if there was such an amendment to clause 8, and he has suggested to my Honourable friend who has supported the amendment of Mr. Mahapatra—why did you not bring in an amendment to clause 8? I say, it was the Government's duty to bring in a concrete Bill. If they had omitted anything, it is their fault. If they had not provided the list of crimes in clause 8, it is not the fault of my Honourable friend, Mr. Mahapatra, or of any one else. Apart from this, you will see that the rules are not before us. We are not aware what rules are going to be made by the Government, and I suggest that such a vast power should not be given to one man, the Governor General, or to a small body like the Council of the Governor General to make new punitive provisions. To fix that such and such a thing should be punished with fine amounting to Rs. 2,000 is a very vast power to give. If these powers had been given to the Governor General, then, I say, it was a wrong procedure, and if it is wrong in principle, it should not be followed even if there be a century old precedent. In this case, I wholeheartedly support the amendment moved by my friend, Mr. Mahapatra.

Mr. S. C. Mitra : The Honourable the Law Member has been pleased to take Mr. S. C. Sen to task for not bringing forward constructive amendments to clause 8, and he has said that it is now too late in the day to suggest an amendment to this clause. Sir, what Mr. Sen contended, as I understood him, is that by rule-making power the executive should not be allowed to take away the power of the Legislature to make punitive provisions. That is his ground, and it is well-known that this Steel Protection Bill is now subsisting from the year 1924. Government made their own rules for the Act of 1924 and the Act of 1927. They know

that both in the Act of 1924 and in the Act of 1927, there were provisions for rule-making, and they did make rules, and had they any anxiety, they could provide specific provisions for any infringement of those rules, and it is no argument now to say that because the Opposition did not table an amendment to clause 8, therefore they should not argue against the wide powers sought to be given under clause 9, for punishment of a breach of those rules. Sir, we maintain that this sort of wide powers given to the executive is wrong in principle, and the fact that it was introduced in several older legislations is not a valid argument. We contend that because it is an old rule, it should necessarily not be a good rule, nor do we really contend that necessarily there should be new innovations, but what we hold is that there has been an abuse of this power of rule-making in the different Acts that have been passed recently, and on those grounds we contend that the rule-making power should not be so wide.

Mr. Deputy President (Mr. Abdul Matin Chaudhury) : The question is :

"That sub-clause (8) of clause 9 of the Bill be omitted."

The motion was negatived.

Mr. Deputy President (Mr. Abdul Matin Chaudhury) : The question is :

"That clause 9 stand part of the Bill."

The motion was adopted.

Clause 9 was added to the Bill.

Mr. Deputy President (Mr. Abdul Matin Chaudhury) : The question is :

"That clause 1 stand part of the Bill."

Dr. Ziauddin Ahmad : I beg to move :

"That in sub-clause (5) of clause 1 of the Bill, for the word 'November' the word 'September' be substituted."

Sir, memories in politics are very short. The Commerce Member would probably remember that when he moved his first Bill on the 22nd of December, 1933, and he suddenly imposed enormous duties on all kinds of articles, then, from this side, we requested that at least those articles which already left the shore of the foreign countries on the day the Bill came into operation should be exempted from duty. Our ground was that we usually have this taxation Bill on the 28th of February every year and the merchants are now accustomed to gamble and take this fact into consideration the consequences that may arise, but contrary to all the practices a new rule was framed in December, and, without any notice whatsoever, taxation was levied in the middle of the year. We argued that it was reasonable and just that this special concession should be given. The Honourable the Commerce Member refused on the ground firstly, that it will affect the revenue of the Government and, secondly, that it will create a bad precedent. These were the two grounds on account of which he stuck to his position and he did not accept our request. Again, the Sugar Bill came before us for consideration, and it was to operate on the 1st of April, 1934. Then as the sugar season usually ends on the 15th April, we made a request that it should come into operation from August, 1934. On the same grounds, this request

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was also refused and the Government stuck to their guns and they insisted that it should come into operation immediately, from the 1st April, 1934. But when they came into conflict with an industry which is too powerful, they have to yield to their dictations, lay down their arms and not dictate to them. All those principles to which they have been sticking all these years disappeared, and in the Select Committee, instead of making the Bill come into force on the day the Government of India may determine, the Government changed it to 1st November, 1934. This is contrary to their practice and contrary to what they have been saying all the time. We, on this side, can only draw the inference that they stick to their principles only so long as they are strong enough, but as soon as there are strong industries like steel which are concerned, then all their principles disappear and all the arguments quietly vanish. They changed the principle and changed the original Bill and instead of it coming into operation on the date the Governor General in Council may determine, it shall come into force on the first day of November. Therefore, this is a thing which I would very much like the Governor General in Council to consider. They presented a Bill before us in which it was clearly provided that this Bill would come into operation on a date which the Governor General in Council may determine, and, suddenly, we find that in the Select Committee this principle has been changed and they agreed to forego the excise duty. Of course the Government are sure of their votes in the House. Is it not our experience that whenever they found that the thing was decided against them in the Select Committee, they came forward before the open House and moved a motion to upset the recommendations of the Select Committee? We have seen it time after time. We have seen it in Reserve Bank Bill, we have seen it in the protection Bill on the 22nd of December last and we have seen a repetition of that. Whenever the Select Committee said a particular thing and the Government were in disagreement, the latter always came forward and reversed it in the open House, but in this particular case I do not know what the considerations were. As my Honourable friend, Mr. Gaya Prasad Singh, said, you may move any motion in this particular Assembly, and Government is sure to carry it whatever it may be,—even if it may be.....well, I will not repeat those words. (Laughter.) Sir, I cannot possibly understand what the reason was for changing this principle; and, Sir, they also set aside the previous precedent and create a fresh precedent which I wonder how they will in future justify. Sir, before I sit down, I should like to say one word to my Honourable friend, Sir Cowasji Jehangir, as I shall have no other opportunity of replying to what he said about the shareholders. He said, I "damned" the shareholders. Well, I may just tell him that the word "damn" does not exist in my vocabulary. When I was an under-graduate in Cambridge, one of the other under-graduates with whom I lived—and he now holds a very important position in the Home Secretariat—said that he once said to his father, "damn him" and the father gave him a very good rebuke and told him that that word was never spoken by a gentleman, and that from that time I never damned anybody including myself. (Laughter.) I did not say "damned", but my friend misunderstood me. Sir, I never damn, I never curse, but with regard to facts, I stand firm, and I can only change my opinion on the basis of facts and arguments. Sentiments cannot change facts. With these words, I beg to move my motion.

Mr. Deputy President (Mr. Abdul Matin Chaudhury) : Amendment moved :

" That in sub-clause (3) of clause 1 of the Bill, for the word ' November ' the word ' September ' be substituted."

The Honourable Sir Joseph Bhore : Sir, I would only draw my Honourable friend's attention to the fact that there is a very fundamental difference between this particular Bill and the previous legislation to which he has referred. In this particular case, practically all the duties have been lowered, with the exception of two ; I think in respect of only two specific items will there be any rise of duties. All other duties are being lowered. (*An Honourable Member* : " What about the excise duties ? ") The only other point I have to make is that it is within the knowledge of this House that in this case, we followed our usual practice. In view, however, of the strongly expressed views of practically every Party in the House (this was not forthcoming in the case of the other two Bills to which my Honourable friend referred), we felt that we should not be justified in maintaining the position we had originally taken. For these reasons, Sir, I must oppose my Honourable friend's amendment.

Mr. Deputy President (Mr. Abdul Matin Chaudhury) : The question is :

" That in sub-clause (3) of clause 1 of the Bill, for the word ' November ' the word ' September ' be substituted."

The motion was negatived.

Mr. Deputy President (Mr. Abdul Matin Chaudhury) : The question is :

" That clause 1 stand part of the Bill."

The motion was adopted.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

The Honourable Sir Joseph Bhore : Sir, I beg to move :

" That the Bill, as amended by the Select Committee, be passed."

(Applause.)

Mr. Deputy President (Mr. Abdul Matin Chaudhury) : Motion moved :

" That the Bill, as amended by the Select Committee, be passed."

Mr. Vidya Sagar Pandya : Sir, the whole body of the white elephant of this Indian Iron and Steel Duties Bill has passed through with its tusks and trunk, but the tail remains, and this is the ceremony of passing the tail of that elephant—the " third reading " of the Bill. I do not wish to take any more time than what is necessary, for, in the case of some of us who are now thinking of standing again for the next Assembly, our bodies are here but our minds are in our constituencies (Laughter) ; and, as such, I shall be as brief as possible. Then, Sir, when the Bill came out from the Select Committee, I had a talk with some of the Members and one or two of them told me that there was no use sending in any amendments, for the Government had made up their mind not to allow even a full stop or a comma to be altered from this Bill. In that respect, I congratulate my Honourable friends the Finance and the

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Commerce Members that they have been more lucky than Sir George Schuster in the matter of the Reserve Bank of India Bill. There, at least some punctuations were altered here and there, some few words were omitted, but this Bill has passed absolutely without any alteration ; neither the several Minutes of Dissents nor even all these fifty amendments, of which my Honourable friend, Dr. Ziauddin Ahmad, had the largest number to his credit, had any effect on the Government. It would have been better if the Government had saved us from all this discussion and said—"here is the Bill. Do you wish to accept it or reject it?", just as they had said in the beginning that if you insist on the excise duty being removed, we are going to withdraw the Bill. Thus, they could have saved us from all this botheration of a discussion. Sir, what is the use of this House making any proposals or any suggestions when not a single comma or a full stop can be altered ?

Mr. Gaya Prasad Singh : Is it not due to the Official Nominated and some Non-Official Members who vote on the other side ?

Mr. Vidya Sagar Pandya : Now, Sir, the Bill, as my friend, Mr. Gaya Prasad Singh, says, has been passed by the votes of the Government and of the Nominated and some of the Non-Official Members. I do agree, but in this matter my friend, Mr. Mody, and the Government had an "agreement" between them, and what is the use of the Legislature interfering ? Sir, we have got a vernacular proverb :

"*Jab mian bibi razi, To kya karega Qazi?*" (Laughter.)
"Where husband and wife agree, what can Qazi do ?"

Here, the Honourable Sir Joseph Bhore and Mr. Mody "agree", and what is the use of "*Qazi*" Dr. Ziauddin Ahmad and what is the use of this Legislature ? Sir, the Government could have spared us all this trouble, if they had already settled all these matters amongst themselves !

Mr. D. K. Lahiri Chaudhury (Bengal : Landholders) : Who is Mian and who is Qazi ?

Mr. Vidya Sagar Pandya : There is the "*Mian*", there is the "*Bibi*" and there is the "*Qazi*". (Laughter.) Sir, the Bill has been passed by the protective votes of the officials and the nominated voting automatons and the votes of those, who are more superprotective loyal courtiers than patriots, on our own side. (Laughter.) I won't go to the extent of saying that they voted under the hypnotism of their own unpatriotic selfish interests, but the position is this that at this fag end of the Assembly Session, such an important Bill has been put before us, and, Sir, it has been passed by the protective votes of all those gentlemen.

Now, the Honourable Dr. Ziauddin Ahmad took all this trouble of sending 20 amendments out of the 30 amendments that appeared on the first list and he sent more afterwards. He was the first in the field to send them and he took so much trouble. We are extremely obliged to him for all the facts and figures that he collected. He did not benefit by his past experience of the Reserve Bank of India Bill and he sent so many amendments and he had the misfortune of losing all his amendments again. But let me congratulate him on the learned speech which he delivered full of facts and figures. As he is a Senior Wrangler, he is always out with his figures which are correct, though sometimes some of

his facts might be disputed by some. My Honourable friend, the Raja Bahadur, said : " *Maré to sahi, pur roné to dé ?*" That is to say, " you may beat us, but let us ' cry ' at least " ? But I may tell him : " *Andhé age roé, apné nain khoe* ". That is to say, " what is the use of crying before a Government which is so blind to the public opinion. They do not care for us ". All our amendments and all our suggestions are thrown into the waste-paper basket. Anyhow, we must feel thankful both to the Honourable Dr. Ziauddin Ahmad and to the Honourable Mr. B. Das. Mr. Das put in a very good and strong Note of Dissent, but it has not received that attention which it deserved. Now, Sir, the Chair has ruled out of order my amendment about the so-called " fair selling-prices ". From the point of view of the consumer, the Tariff Board prices are the most " unfair selling-prices ". The Indian Tariff Board report is something like the " Gita " to the Government. (A Voice : " It is a Christian Government. ") Then, you may call it their " Bible ". Here also, I may say, that wherever it has suited them, they have accepted the recommendations of the Tariff Board and wherever it did not suit them, they have thrown them to the winds. Chapters III, IV and V of their report are the chapters which concern mostly the present Bill. The Tariff Board have been very liberal in granting concessions to the Tata Company. In fact, whatever Tatas have asked, has practically been granted. They have calculated the cost of materials, labour, supervision, power required for the manufacture of steel, etc., and in every item they have been very liberal in allowing the figures.

[At this stage, Mr. President (The Honourable Sir Shanmukham Chetty) resumed the Chair.]

Their overhead charges have been most extraordinarily high, and here I may be allowed to point out that the past experience of Tata's has not helped them in this matter. They have been always very extravagant in their overhead expenses. So much so that some years ago, when they started the Bank called the Tata Industrial Bank, Limited, its failure was entirely due to the extraordinary overhead expenses. They entered into such absurd terms with their European officers that the overhead expenses went up so high that they had to close the Bank entirely. It was due to the employment of too many European or British officers that the bank came into trouble and had to be closed and amalgamated with another bank. Similarly, this overhead expenditure of Tata's in several directions, I am afraid, is the cause of all our troubles with the result that all these high duties and other things have to be put. I do not wish to go into details regarding the valuation of plant and machinery. The Board has dealt with the matter and the result is that as they have put too much value for the capital expenditure, the depreciation amount is so heavy that nearly 78 lakhs of rupees have to be put every year for the sake of this depreciation. If the value of the machinery and plant and other things are written down to the proper and reasonable value, depreciation charges will go down, and I ask the Government, in the working of this Act, to see that these expenses are kept within reasonable limits, so that the consumer has not to pay such heavy charges for his articles. Similarly, the interest on the working capital, as has been pointed out by our learned friend, Dr. Ziauddin Ahmad, is very high, and it has been drawn practically from foreign investors. The Managing Agent's commission, about which I do not wish to say much now, should also be taken into consideration and the head office charges should also be looked into.

An Honourable Member : These are Mr. Mody's charges.

Mr. Vidya Sagar Pandya : The charges come to about 4½ lakhs a year, because that is the charge for the head office and he is in the head office. I do not wish to go into other adjustments which the Tariff Board has put in their report. They have allowed for every real and imaginary adjustments for freight disadvantages, selling expenses for lag between import and realised prices, etc. On pages 45 and 55 there are two Tables. Table XV gives the estimated average works cost, etc., and Table XXV gives the so-called "fair selling-price", etc. In this connection I do not wish to tire the House as my Honourable friend, Dr. Ziauddin Ahmad, has already given a number of figures to show how excessively the profits have been added. I will quote only two or three items. Take, for instance, the first item, "rails". The estimated cost is really about Rs. 51, but the incidence of profits and overhead charges come to another Rs. 42; that means that about 80 per cent. is allowed for that purpose. Then we have got the next item, "fishplates". There also the overhead and profits are allowed at the rate of 67 per cent. The only item about which probably they have made a mistake is the "tin bars and billets". There they have allowed only ten per cent. But in the case of the "galvanized sheets" the profits and overhead charges come to 52 per cent. and similarly 52 per cent. on "sleepers". Added to that, there are special profits due to contracts with the Government for sale of rails at a much higher figures than the fair selling-price. The Tariff Board has not allowed this margin of special profits in calculating the overhead charges and the profits. The overhead charges, as I have said before, include the largest item on account of the writing off of depreciation on the present value of plant and machinery. If the value is reduced, it will mean much lower expense for the depreciation. Then, the profit of eight per cent. to the shareholders is high, the charges or interest on foreign borrowed capital is also high. The report has admitted that owing to obsolete designs and construction, there have been frequent cost of repairs and renewals and a lot of wastage and the bye-products are not utilised to profit, and so the Government, in making their calculations, should bear all these in mind. There has been a remarkable fall in the price of coal and splinters and the ore cost and raw materials are the cheapest in the world and the highest contents of iron in the world, but the charges for the manufacture are very high. The profits of ten per cent. duty on British sections have to be carefully considered and the higher profits on account of special charges made to Government in their contracts, all require to be carefully considered before Government think of making any changes under section 2 for protecting the industry against any fluctuation of steel and steel products or articles. At present, the profits that the Tatas have got are practically from 26 per cent. to 40 per cent. over the cost, while ordinarily such high profits are not allowed. In spite of all these extraordinary concessions, which have been given, I am quite prepared to accept the fair selling price which has been fixed by the Tariff Board. Though my amendment has been ruled out on account of a technical defect, I would request the Government to take care that they regulate the prices in such a way that the burden on the consumer is reduced as much as possible. The consumers should not be penalised for the sins of omissions and commissions of the Tatas. I have already read extracts from the speech of the Honourable the Commerce Member and he has promised that he will see that the steel rolling industry gets their requirements at a fixed price. It is not enough if they get at a fixed

price, they should get enough material for them to go on. The Tatas have got practically 250 thousand tons extra besides their ordinary requirements and they should not look upon these other smaller industries as their rivals and cut short their requirements, nor should they reduce the rates on manufactured articles in such a way which will kill some of these smaller industries. For instance, on a particular occasion, the Tatas had begun to sell articles in the Punjab at such a rate as to kill a minor industry. The Tariff Board report on page 14, paragraph 21, says :

" Class (i) comprises all the up-country mills to which we have referred. The extension of the Tata Company's markets into remote parts, has brought the Company into sharp competition with these small works, and we have received numerous complaints against the methods employed by the Company in pushing the sale of its own bars at the expense of these local rivals. We have no doubt that within their small compass these re-rolling mills have been able to make their competition felt; and in the effort to find new markets the Tata Company has followed the practice of big industry in other parts of the world and has reduced prices below the true commercial level."

As such, I would request the Government to see that these mills get their materials at a fair selling price, specially as they have got on the billet an extra ten per cent. which the Tatas never contemplated and, as this is a monopoly of the Tatas, they should take greater care against any combination by the manufacturers just as they had certain contracts and certain special terms. They should see that these smaller industries are properly protected, and I hope the Honourable the Commerce Member will give us an assurance that it will not be merely a pious hope, but that it will be actually put into practice. Similarly, there may be occasions when owing to special causes, such as currency fluctuations, the internal economic considerations of other countries, the Continental and British steel cartels may come to any special agreement with the Tatas and they may be inclined to increase the rates. Special occasions such as the war—no doubt emergency measure—and other conditions, such as strikes and lockouts, may cut off the supplies in future and when the consumer has paid such large sums nearly amounting to 18 crores for protecting the Tatas, they should be grateful to the consumer and should regulate the prices in such a way that they do not have any profiteering. For instance, in paragraphs 102 to 104 on page 58 it has been said that some of the overhead charges and other items the other foreign companies have not been calculating, because they were established on what they call the war compensations. But, in view of their having to work under different conditions now, they will be compelled to make heavier charges, and it is just possible the foreign articles may still further rise in price. The Honourable the Finance Member in his speech the other day, while explaining and criticising the attempt to equalise the duties on British and Continental sheets, gave the example that the Continental galvanised sheets arrived at the Indian port at the rate of about Rs. 130 a ton, while British sheets come at the rate of Rs. 160. The Tata's figure is about 170. I hope I am not misrepresenting what the Honourable the Finance Member has said. If a 40 per cent. item is added to the continental article, then the result would be that the continental price will go up to about Rs. 200 and the foreign article will be sold at the rate of about Rs. 195. The result will be, said the Finance Member, that "Tata's also will raise their price from Rs. 170 to Rs. 195". Those were his words, I noted them down carefully at the time. If that is the attitude of Tata's that whenever there is any rise in prices of foreign articles, they are also going to take advantage of it, that they ask for help to protect them and

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also wish to exploit and profiteer when the occasion arises, then that is a very unfair arrangement, and, I hope, Government will take care that they do not allow any such profiteering.

Now, Sir, we have been asking for the balance sheet of the company. My Honourable friend, Mr. Mody, was kind enough to promise that he would give us, but we have not got it. Even the shareholders have not got it after five months. The last balance-sheet issued was for March 1933, I am told, but I was not even able to get a copy of it in Simla. Thus it is not possible for me to speak about the items of bloated assets and other expenses, nor have we got any idea of any secret reserve funds which are being utilised the income of which I do not know how they are spending. I am sure they are being dealt with properly, but it would have been better if the balance-sheets were made available to this House. No doubt the balance-sheets do not give much information. Just as language is meant to hide one's thoughts, so also some balance-sheets are meant not to disclose the real position.

Mr. K. C. Neogy : Is that a confession?

An Honourable Member : Does that apply to banks also?

Mr. Vidya Sagar Pandya : As for banks, Government have prescribed special forms and they have to give all the information which similar foreign concerns do not give in India. And there also, I may say, that the foreign banks and, companies are exempt from giving all information, while the Indian concerns have to disclose certain information which is of advantage to their rivals, while we do not get similar information about foreign banking concerns in India. I hope, when the Indian Companies Act is next amended, Government will see that the foreign companies are not given any better advantage over the Indian concerns in that respect.

Then one of the questions I had asked in the beginning was, whether there were any secret arrangements between Tata's and other concerns, both inside and outside India; and no statement has been made about it. We do not know what will be the effect of such arrangements in the future. In the past, I gave you some instances, in which Tatas had entered into some agreements with some local companies, with the result that the prices were kept high. Therefore, we want an assurance that there are no secret arrangements with any foreign manufacturers or local competitors; and, I hope, my Honourable friend, Mr. Mody, when he gives his reply, will oblige us by giving us some information which will allay our fears. For, I have found that during the discussion of this Bill, he has always kept a "golden silence" and has left the Honourable the Commerce Member to do everything for him. (Laughter.) And if there are any future agreements to be made, I would request that they must be made with the approval of Government and no private arrangements should be made in such matters.

Then, Sir, I would once more appeal to Government to help the re-rolling mill industry in India and see that Tata's or other big manufacturing companies do not look upon them as formidable rivals, and they should give the mills sufficient billets in India. I hope, under the new arrangement, it will not so happen that the billets are given away to the foreigners and the Indian re-rolling mills are starved. It has been

calculated, as I have stated before, that even taking into consideration the present position of the company and taking into consideration the future working as stated in the Tariff Board report, they will have at least 250,000 tons of billets available, and Government should see that they are not sold to the foreigners and that the local concerns are not starved. They should make Tata's understand it clearly and they should provide penalties in case of any breach, and, as I said before, in the case of some other concerns they should not enter into any competition or try to do any harm to the subsidiary companies, and the protection is given definitely on the understanding that they will treat the subsidiary industries properly and help to establish those industries and not do them any harm.

I do not wish to take up any more of your time, Sir ; let me congratulate finally Messrs. Tatas and Mr. Mody for the good luck in getting such undreamt of concessions : the Select Committee have added a further ten per cent. in the case of British articles. Though my amendment has been over-ruled, I hope the principle on which the Bill has been brought forward will be kept in view and that the Government will see that the prices are properly regulated in the interests of the consumers and also in the interests of the minor industries.

Mr. President (The Honourable Sir Shanmukham Chetty) : We shall have to carry on the third reading to Monday. According to the arrangement, it was to have finished this evening : but the Chair hopes it will be possible to finish it on Monday by lunch time.

The Assembly then adjourned till Eleven of the Clock on Monday, the 27th August, 1934.